

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

In re:	:	
STUDENT FINANCE CORPORATION,	:	
Debtor,	:	
<hr/>		
CHARLES A. STANZIALE, JR.,	:	
CHAPTER 7 TRUSTEE OF STUDENT	:	
FINANCE CORPORATION,	:	
	:	
Plaintiff,	:	
	:	Civil Action No. 04-1551(JJF)
v.	:	
	:	
PEPPER HAMILTON LLP, et al.,	:	
	:	
Defendants.	:	
<hr/>		

**APPENDIX ACCOMPANYING REPLY BRIEF IN SUPPORT OF
MOTION TO COMPEL PRODUCTION OF COMMUNICATIONS BETWEEN THE
TRUSTEE AND ROYAL AND DOCUMENTS RELATING TO COMPENSATION
RECEIVED BY THE TRUSTEE**

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Counsel for defendants Pepper Hamilton LLP and W. Roderick Gagné

TABLE OF CONTENTS

Trustee's Notice of Motion to Approve Settlement with Royal Indemnity Company and Certificate of Service	C-1
Letter Dated February 11, 2000	C-7
Facsimile and Memorandum Dated March 6, 2000	C-9
E-mail Dated September 28, 2000	C-14
E-mails Dated December 15, 2000	C-15
E-mail Dated April 5, 2001	C-16
E-mail and Attachments Dated April 20, 2001	C-17
E-mail Dated April 24, 2001	C-56
E-mail Dated April 30, 2001	C-57
E-mail Dated April 25, 2001	C-58
E-mails Dated May 7, 2001	C-59
E-mail and Attachment Dated July 10, 2001	C-61
E-mails Dated December 4, 2001	C-65

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	
	:	Chapter 7
STUDENT FINANCE CORPORATION,	:	
	:	Case No. 02-11620-JBR
Debtor.	:	
	:	Objection Date: October 25, 2004 at 4:00 p.m.
	:	Hearing Date: October 27, 2004 at 4:00 p.m.

NOTICE OF MOTION

TO: UNITED STATES TRUSTEE, ALL PARTIES REQUESTING SPECIAL NOTICE AND
ALL PARTIES IN INTEREST

Charles A. Stanziale, Jr., as Chapter 7 Trustee for Student Finance Corporation ("Trustee") has filed a **Motion to Approve a Settlement** with Royal Indemnity Company ("Royal"). By the Motion, the Trustee seeks an order (i) approving the proposed settlement with Royal on the terms set forth in the Motion; (ii) compromising and settling the Avoidance Action and the Amended Complaint; (iii) granting the Trustee the authority to execute all documents and take all actions necessary to effectuate the terms of the Settlement; and (iv) allowing, on a final basis, Royal's general unsecured claim against the Debtor in the total amount of \$516,628,682.00 as well as Royal's secured claim against the Debtor in the amount of \$45,418,321.00. You are required to file a response to the attached Motion on or before **October 25, 2004, at 4:00 p.m.**

At the same time, you must also serve a copy of the response on the following, so as to be received by each no later than 4:00 p.m. on October 25, 2004:

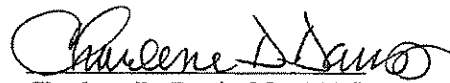
Lawrence G. McMichael
Sheryl L. Auerbach
Dilworth Paxson LLP
1735 Market Street, Ste. 3200
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Charlene D. Davis
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The Bayard Firm
222 Delaware Avenue, Suite 900
P.O. Box 25130
Wilmington, DE 19899

Peter D. Wolfson
John A. Bicks
Sonnenschein Nath & Rosenthal LLP
1221 Avenue of the Americas
New York, NY 10020

A HEARING ON THE MOTION, IF NECESSARY, WILL BE HELD before the Honorable Joel B. Rosenthal, United States Bankruptcy Court, 824 N. Market Street, Wilmington, Delaware 19801 on **October 27, 2004 at 4:00 p.m.**

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT
MAY GRANT THE RELIEF DEMANDED BY THE MOTION WITHOUT FURTHER
NOTICE OR HEARING.



Charlene D. Davis (No. 2336)
Daniel K. Astin (No. 4068)
The Bayard Firm
222 Delaware Avenue, Suite 900
P.O. Box 25130
Wilmington, DE 19899
(302) 655-5000

and


Lawrence G. McMichael
Sheryl L. Auerbach
Dilworth Paxson LLP
1735 Market Street
Philadelphia, PA 19103
(215) 575-7000

Special Counsel to Charles A.
Stanziale Jr., Chapter 7 Trustee for
Student Finance Corporation

Dated: October 14, 2004

CERTIFICATE OF SERVICE

I, Deirdre M. Richards, Esquire, hereby certify that on this 14th day of October, 2004, I caused a true and correct copy of the **Trustee's Motion To Approve Settlement With Royal Indemnity Company** to be served upon the parties listed on the attached service list via Hand Delivery to Wilmington addresses and otherwise via Federal Express.


Deirdre M. Richards (No. 4191)

Student Finance Corp.

2002 SERVICE LIST

Joseph D. McMahon, Jr., Esquire
Office of the United States Trustee
Assistant United States Trustee
Room 2313
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Student Finance Corp.

2002 SERVICE LIST

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Delaware Enterprises
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c/o TN Attorney General's Office, Bankruptcy Division
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Nashville TN 37202-0207

Scott D. Perlman, Esq.
Perlman Fox, LLP
1430 Trustum Avenue, Suite 720
Bakersfield CA 93301
*Pacific Coast Business Group d/b/a Pacific Coast
Trucking School*

T. E. MOOR & CO.

INCORPORATED



INSURANCE

11 February 11, 2000

Mr. E. David Schneider, CPCU
Royal and SunAlliance Cos.
11111 Carmel Commons Blvd.
Charlotte, NC 28226

Re: Your e-mail inquiry and "B & T"

David:

Per your e-mail of last week:

In regards FIRST FEDERAL SAVINGS BANK (KST 259637-renewal):

I am working on the renewal policy and should have it completed by Monday (2/14) or Tuesday (2/15) and will forward ASAP. I will also have the "new" policy form (KST 293299) with this package. I am enclosing three (3) copies of the internal audits being performed on FFSB by the independent auditor. I review these regularly and minor questions raised by the auditor are addressed immediately by FFSB personnel. To date, no significant inconsistencies in underwriting or servicing have been detected.

I am also enclosing a copy of a letter I received from Stan Stephen, pursuant to our discussions on First Federal. Let's discuss.

In regards VOYGER FINANCIAL SERVICES, INC. (KST 293349):

I have enclosed the original policy (two copies) and the signed "Funded Deductible and Security Agreement". The insured only returned one signed copy of the "Funded Deductible". Please sign and return the photocopy and I will deliver to the insured (RSA can retain the original). This should conclude initial paperwork on this account.

In regards FIRST HAWAIIAN BANK (Cutter Program) (KST 293321):

Attached is a copy of the policy, but I do not have a copy of the signed "Funded Deductible" on this account. This did not get produced until 11/3/99 for unknown reasons (but records indicate we forwarded to RSA that date). If you can not find the Funded Deductible, please let me know and we will rectify.

ROY 000947

E. David Schneider / RSA

2/11/00

Page 2.

In regards CITY BANK (KST 293028):

I am enclosing a copy of the policy we issued. My records indicate we forwarded this to RSA on or about 6/25/99. If you need anything else on this account, please let me know.

In regards NORTH CAROLINA DEALER CENTER (KST 291306):

Insured has presented "initial report of claims" (three claims in total). We have verified these claims (coverage does exist under the terms of the policy), but we can not authorize/finalize these claims without additional documentation. We have asked the insured to provide required documents at which time we will submit a "Loss Bordereau" on the account.

In regards MOTORCAR ACCEPTANCE CO. LLC (KST 259638 and KST 293306):

Let's discuss Monday or Tuesday. We need to audit soon, and meet with Motorcar regarding our expectations for collection and servicing in the coming months, etc. I think we need a collective agreement and then a letter to MAC outlining our understanding and expectations with a copy to Heartland Bank.

In regards CLASSIC FINANCE:

I am enclosing the original presentation documents on this account (including the original application for coverage).

In regards SFC:

I think we have a clearer picture of the "delinquency issue" and although a point of concern, it does not appear critical at this time. (Our audit in March will provide needed details.)

On the other points, I will advise next week.

We have a meeting here on Tuesday evening (2/15), and all day Wednesday (2/16) with Joe Domai (IBG) regarding the Auto Loan Securitization (conduit lending facility) agreement and policies. This meeting will also entail a lengthy discussion on Student Finance Corp. and other outstanding accounts. I can detail the meeting for you at the end of next week.

Sincerely,


Gerald W. Parker

ROY 000948

Mar-06-00 02:49pm From-INTERNATIONAL BENEFITS GROUP

+12016720880

T-724 P-01/05 F-751

71 Union Avenue
Rutherford, NJ 07070
201-672-0888
201 672-0880 (fax)

IBG
International
Benefits Group, Inc.

Fax

To:	From: <u>Joe</u>
Fax:	Pages: <u>5</u>
Phone:	Date: <u>3/16/00</u>
Re:	CC:

☐ Urgent
 ☒ For Review
 ☐ Please Comment
 ☐ Please Reply
 ☐ Please Recycle

• Comments:

TO: Bill Hibbard
Dave Schneider
Tony McKenzie
BT

MINUTES of our discussion w/ ANDREW YAO

MOST SIGNIFICANT DATA Besides potential size of the various pools, is p11. Right now, experience account begins releasing at 12 months and is completely gone at 24 months. This is our most vulnerable period. It sounds like they are willing to trade this feature for a lower overall excess spread reserve we would have to model out the various scenarios.

ROY 075140

Mar-06-00 02:48pm From-INTERNATIONAL BENEFITS GROUP

+12016720880

T-724 P.02/05 F-751

IBG

International
Benefits Group, Inc.

71 Union Avenue
Rutherford, New Jersey 07070
Tel: (201) 672-0888
Fax: (201) 672-0880

Memorandum


Date: March 6, 2000

To: Mr. Ted Moor
Mr. David Schneider
Mr. William Hibbard
Mr. Tony McKenzie

Gentlemen:

Attached please find the discussion points from today's teleconference call with Mr. Andrew N. Yao, President of Student Finance Corporation.

Best regards,



Joseph F. Domal
President

mp

ROY 075141

**Royal Sun Alliance
Discussion Points**

- (1) First, let me say that we truly appreciate your continued good will and willingness to work with us, particularly on the changes we requested in conjunction with our term ABS ...
- (2) We view you as our long term financial partner ... and it is in that context that we want you to have the full benefit of our analysis and perspective as you underwrite our future indemnity needs ...
- (3) From our perspective, the better you are protected, the more reliable a financial partner you will continue to be, and the stronger we all will be over the long term
- (4) It is from that philosophical basis that we asked for this conference call ... we wanted an opportunity to discuss some topics with you and share some observations with you, as you begin the underwriting process ... That way, we'll ensure that our meetings with you the week of March 20 will be as productive as possible ...
- (5) We have implemented 3 loans programs that we would like you to consider underwriting ... our subprime program (the current program that your policies cover) ... our 4 year program (which we have discussed with you in the past, and which really require its own policy, since the terms are different from our subprime policy) .. and a new prime loan program that we are implementing (this will be a FICO based program that will allow us to serve the prime segment of borrowers in our schools) ...
- (6) We also are making changes to our system of discounts and reserves ... we are substantially eliminating school reserves and incorporating them into our loan discounts ...
- (7) We are doing this for several reasons ... it will make it easier for our auditors to classify properly on our financial statements ... the schools will understand it better ... and it will make it easier for SFC to administer ...
- (8) We don't think the change from reserves to discounts will have any affect on Royal, since, to our knowledge, you don't factor in our revenues when you do your underwriting ...
- (9) While we are on the topic of underwriting ... we have two suggestions for your consideration as you proceed with your own analysis ...
- (10) Let me reiterate that our suggestions are intended to help make your underwriting better and frankly, although they may be unfavorable to us over the short term, we think it will make for a more successful partnership over the long term ...

ROY 075142

Mar-06-00 02:49pm From:INTERNATIONAL BENEFITS GROUP

+12016720880

T-724 P.04/05 F-751

- (11) First, we think that the Experience Account should not be released until the Excess Spread Reserve reaches some minimum level ... the concept is that the Experience Account should take first loss, to enable the Excess Spread Reserve to build up over time ...
- (12) We think the right level for the Excess Spread Reserve, before the Experience Account is released, is 20% ...
- (13) Frankly, we think the Excess Spread Reserve should be capped at 20% and not at 50%, the way it currently is, but we can discuss that issue later ...
- (14) Next, we think you should size the Experience Account based upon stressed default analysis ...
- (15) We know you do that any way, but we want to share with you some scenarios that we use internally, so that you have the full benefit of our perspective ...
- (16) The most important scenario that we look at filters out the affect of schools and their influence on payments ...
- (17) Schools affect payments in two ways ... for students in school, the schools exert influence so that virtually all in-school students pay on time ... this clearly distorts the post graduation default curve ...
- (18) Also, for students who are in forbearance, the schools advance payment on behalf of the student until the student resumes paying or until he defaults ... this, of course, also distorts the default curve ...
- (19) After filtering out the foregoing school-related factors, our internal analysis concludes that a worse case 1st year default rate is somewhere between 17% and 22% ...
- (20) Therefore, we think the Experience Account should not be reduced below the current 18% ...
- (21) Of course, we hope that you won't feel a need to raise it above 18%, especially, if we link the Experience Account to the Excess Spread Reserve ...
- (22) However, we don't recommend that you lower the Experience Account below 18% ...
- (23) Now, maybe you weren't considering reducing the Experience Account in the first place ... But, nonetheless, we wanted to share our opinion with you up front

ROY 075143

Mar-06-00 02:49pm From-INTERNATIONAL BENEFITS GROUP

+12016720880

T-724 P.05/05 F-751

- (24) We will be prepared to share our analysis with you .. in as much detail as you want ... when you visit us on March 20 ... in fact, we are preparing reports for you as we speak ...
- (25) However, given the wide range of topics we want to cover with you, we wanted you give you a "heads up" and seek your guidance as to how you want to proceed
- (26) We don't want to overwhelm you with too much information all at one time ...

ROY 075144

TONY MCKENZIE
09/28/2000 03:47 PM

To: BILL HIBBERD/CARM/ROYAL-SSD@ROYAL-HQ, David
King/Farmington/OrionCapital@OrionCapital
cc: D SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ
Subject: Student Loan Due Diligence

THE CONFERENCE CALL WILL BE AT 9:30. BILL & I WILL CALL DAVE KING.

Bill & Dave,

I have been thinking about what we want to do. I think Dave's questions from his review of the financial statements are good and we should go through them to decide how to phrase them with SFC. However, I think we need to get an understanding from SFC of how their "business model" is intended to work. Tied up in this idea is their forecast of when they expect the operation to make a profit. I also think we need to see SFC/Yao's model for the way the loan pools will develop.

By their business model, I mean where are they getting the cash to run the business. In the early stages of a loan portfolio's life, it does not generate enough excess cash after satisfying excess spread requirements, servicer fees, bank costs, etc, to support the loan making operation. I think this scenario will continue until the 50% limit is reached on the Excess Spread Reserve in the \$75M policy and SFC begins to get distributions.

My thinking is the operation has to get its cash from the "Institutional Reserves", which make up the basis of our Experience Account. For 1999, I think we need to understand how much money was actually withheld from the schools for these reserves and what they did with the money. The financial statements seemed to indicate they borrowed \$78.6M on the Whse lnes (Sources & Uses) and paid \$44.9M to the schools (P15 School Reserve Analysis), a difference of \$33.7M. I have tried to account for this difference from info in the statements, but am coming up \$4.0M short assuming what I have included is correct. I think we need to know what they expect to get from the \$200M loans and where do they expect it to go. I guess the biggest numbers are how much of the Institutional/ School Reserves they feel they will need to pay in 2000 and 2001 and what they expect to be the defaults from both the \$75m & \$200M policies. This is where I think it would be helpful to see Yao's model. I have asked about it several times and have not yet got it. I have shared my model with them.

Hopefully this rambling makes some sense. I guess what I am saying is, I think SFC is running a kind of Ponzi scheme. They are using money, which should be held for tomorrow, to pay costs today and are hoping for fresh money coming in tomorrow until the securitizations finally start generating cash. My original model shows this would occur at the 5 year mark. My new, improved model shows this to be at 6 years.

I guess the question is, "Can they stay in business about one year after we add the last loan that we are going to ensure?"

Long winded as usual, Tony

ROY 105161

D SCHNEIDER
12/15/00 09:10 AM

To: TONY MCKENZIE/CARM/ROYAL-SSD@ROYAL-HQ
cc: BILL HIBBERD/CARM/ROYAL-SSD@ROYAL-HQ, ROBERT VAN
EPPS@ROYAL-HQ
Subject: Re: Student Finance Securitization- Loans Not Signed by Schools

Tony,

I do not recall seeing any audit or similar investigation of SFC where fraud prevention was evaluated...do any old Freed Maxic reports on SFC address school fraud?

Do you think we should employ Freed for an audit to investigate this?

FYI...I want to meet with Freed in January...maybe this would be a good topic of discussion...

David

TONY MCKENZIE

TONY MCKENZIE
12/15/2000 09:17 AM

To: Lori.M.Swanell@WellsFargo.Com
cc: BILL HIBBERD/CARM/ROYAL-SSD@ROYAL-HQ, GIL
CHANDLER/CSO/ROYAL-SSD@ROYAL-HQ, D
SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ
Subject: Student Finance Securitization- Loans Not Signed by Schools

Lori,

To confirm our phone conversation yesterday, in performing your due diligence on the loans to be included in the current securitization you discovered 108 loans which had not been signed by the "seller" (school). You asked if these loans would be covered by our policy. I said that as long as the loans had been added to the policy, they would be covered.

Please let me know if you have any questions.

Thanks, Tony Phone: 704-522-3102
Fax: 704-522-3161

ROY 045003



BILL HIBBERD

04/05/01 04:55 PM

To: D SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ
cc:
Subject: PPM expedition

David,

Will you pull out the various performance statistics in the last couple of offering memorandums?

Tony and I have spent an afternoon of fun and one of the discoveries is the extremely high delinquency rate on these notes...it looks to be in the range of 65% or so. I think they have modeled 30% for some of the securitizations, but I' be interested in what they are saying in the PPM's,

This account is a new revelation every day.

wjh

ROY 001255

TONY
MCKENZIE/CARM/ROYAL-SS
D

04/20/2001 11:25 AM

To Dmessick@sfcorp.com, GHawthorne@SFCorp.com,
PTumbull@SFCorp.com
cc BILL HIBBERD/CARM/ROYAL-SSD@ROYAL-HQ, ROBERT
VAN EPPS/CARM/ROYAL-SSD@ROYAL-HQ, D
SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ, David
King/Farmington/OrionCapital@OrionCapital,
Gagner@PepperLaw.Com, JoeDomal@email.msn.com, GIL
CHANDLER/CSO/ROYAL-SSD@ROYAL-HQ,
RSchrof@SFCorp.Com

bcc
Subject Spread Account Adjustment Analysis

Gary, Diane & Perry,

I know you are working hard to get answers to my questions. Attached below is an updated analysis from Scott Schauer trying to address the "unaccounted for cash" issue. His analysis is for Grantor Trust #2. Basically he cannot account for \$835,000 of cash, which should be in the policy/securitization. His shortage uses an assumption that the maximum possible amount of the Excess Spread Reserve is based on 7% of the monthly Beginning Loan Principal Balance rather than the Ending balance or an average. I feel this is somewhat of a liberal assumption. He also shows delinquencies for the Current and Prior month at \$345,000 and \$534,000, respectively. Why are these amounts so drastically different from what is shown on the servicer reports. He indicated he used Delinquency Experience you provide to him with the Grantor Trust Servicer Reports to come up with these numbers. I would like to begin receiving the same Delinquency information, starting with March reporting.

Also attached is a schedule I put together using Delinquency information Scott provided me when he was here last week. What I have tried to do using the Servicer Report data is come up with the actual interest we receive each month and compare it to what I estimate the Delinquency information indicates should be received. If what I have done reasonable, it raises a lot of questions:

- 1) Grantor Trust 1: 74% of the loans were current at April month end implying \$852,000 should have been received. The Servicer reports indicate only \$120,000. It seems to continue that way through the rest of the months.
- 2) Grantor Trust 2: The same question for July. I cannot tell about the securitization months.
- 3) Why do we lose the split of prepayments and Recoveries on Delinquencies when the policies go to securitization in Grantor Trust 2 - 4? Scott indicated something about a change to simple interest accounting?
- 4) Grantor Trust 3: Especially troublesome. The statistics indicate virtually all loans current at August 31, yet the actual flows show a substantial shortfall.
- 5) Grantor Trust 4: More of the same, perhaps worse than Grantor 3.

I am completely baffled by what I am seeing and desperately hope you can provide clear up my confusion. You have just sent a \$15 Million addition to the new policy. This does not leave us much time to get a long term solution in place.

Please call if you have any questions.

Tony 704-543-3411



Actual Int vs at Expected at Delinq Data

ROY 165652

----- Forwarded by TONY MCKENZIE/CARM/ROYAL-SSD on 04/20/2001 10:50 AM -----



"Scott"
<scotts@looffnc.com>
>

To: <TONY_MCKENZIE@rsausa.com>
cc:
Subject: Spread Account Adjustment Analysis

04/18/2001 04:13 PM
Please respond to
scotts



- SFC200MSubPol#1_analysis.xls

ROY 165653

Summary \$200M

RSA Sub #3 RST 147524 SFC #4

COLLECTION ACCOUNT

Beginning Balance

	September	October	November	December	January 01	February 01	Next Mth	End Mth	Total
1 Scheduled Payments	4,836.47	220,102.95	411,967.32	252,202.29	400,220.25	371,306.81	0.00	0.00	1,660,716.09
2 Pre-Payments	4,214.45	57,930.50	104,921.90	101,631.67	0.00	0.00	0.00	0.00	268,698.52
3 Recoveries on Delinquent Loans	\$6,934.48	76,836.10	85,901.27	417.02	496.31	4.17	0.00	0.00	220,589.36
4 Recoveries on Defaulted Loans	-	-	-	-	0.00	0.00	0.00	0.00	-
5 Misc & Interest	539.66	4,145.29	5,963.66	(166.67)	(166.67)	430.54	0.00	0.00	10,745.01
6 Transfer fr XS Spnd for Defaults-current	-	39,008.59	99,054.39	0.00	6,584.22	18,894.22	0.00	0.00	163,531.42
7 Transfer fr XS Spnd for Delin-current	71,638.76	151,618.37	261,712.90	12,644.42	20,698.60	22,768.85	0.00	0.00	541,319.90
8 Transfer fr Liquidity Ries for Delin Int	-	-	-	335,325.25	213,115.21	204,237.50	0.00	0.00	752,677.96
9 RSA prnt on defaults (2 prior mths)	-	-	-	-	39,482.14	99,681.93	0.00	0.00	139,174.07
10 Transfer fr Insurance acct	-	-	-	-	0.00	0.00	0.00	0.00	-
11 Ending Balance	138,161.82	549,641.80	969,521.44	702,053.98	690,690.06	717,304.02	0.00	0.00	3,757,453.12
Ending Balance (check)	138,161.82	549,641.80	969,521.44	702,053.98	690,690.06	717,304.02	0.00	0.00	3,757,453.12

CASH FLOW OUT OF DISBAC

12 Trf to XS Spnd for Recovery on Default	29,142.24	128,310.27	258,474.80	265,100.00	39,482.14	99,681.93	0.00	0.00	139,174.07
13 Interest prnts to bank/investors	1,971.53	20,657.80	40,675.30	6,283.33	5,683.33	5,700.00	0.00	0.00	1,208,436.95
14 Fees & Expenses to Lender	6,288.85	22,875.66	37,885.19	29,631.06	28,414.65	35,884.13	0.00	0.00	81,171.09
15 Principal: Scheduled	4,214.45	57,930.50	104,921.90	60,348.25	101,140.51	61,456.81	0.00	0.00	160,969.73
16 Principal: Prepayments	-	37,129.59	94,148.01	5,193.93	6,255.94	17,926.38	0.00	0.00	390,012.42
17 Principal: Defaults	-	54,791.17	75,433.46	0.00	21,802.71	33,443.62	0.00	0.00	165,493.91
18 Service Fee	-	227,746.62	357,912.79	0.00	0.00	0.00	0.00	0.00	190,764.79
19 Reserve Escrow Remittance Amt	96,584.75	-	-	-	0.00	0.00	0.00	0.00	682,284.36
20 MBA Insurance & Reserve	-	-	-	-	0.00	0.00	0.00	0.00	-
21 Trf to Liquidity Ries Acct	-	-	-	335,325.25	213,115.21	199,881.82	0.00	0.00	748,322.28
22 Remainder to SFC1	-	-	-	172.17	370.68	314.67	0.00	0.00	857.52
23 Ending Balance (check)	0.00	0.00	(0.01)	0.00	0.01	(0.00)	0.00	0.00	(0)

LOAN PRINCIPAL

24 Beginning Balance	-	16,440,306.08	35,692,165.16	49,159,934.46	29,910,020.64	29,774,209.54	29,658,942.22	30,385,384.28
25 Loans Purchased/Removed by Lender	16,450,789.38	19,369,795.02	13,704,734.40	(19,159,934.52)	0.00	0.00	0.00	(706,442.06)
26 Less Principal Payments	(10,483.30)	(117,935.94)	(226,965.10)	(69,579.30)	(135,811.10)	(115,267.32)	-	-
27 Adjustments	-	-	-	-	-	-	-	-
28 Ending Balance	16,440,306.08	35,692,165.16	49,159,934.46	29,910,020.64	29,774,209.54	29,658,942.22	29,658,942.22	29,658,942.22

Ending Balance (check)	16,440,306.08	35,692,165.16	49,159,934.46	29,910,020.64	29,774,208.54	29,658,942.22	29,658,942.22	
EXCESS SPREAD RESERVE								
29 Beginning Balance	-	24,927.99	62,047.85	59,454.81	99,145.42	111,114.74	64,298.82	682,284.36
30 Reserve Remit Amount	96,564.75	227,746.82	357,972.79	0.00	39,492.14	99,681.93	0.00	139,174.07
31 2 Mths Prior Defaults fr Insurer	-	-	-	-	0.00	0.00	0.00	-
22 Recoveries on Defaulted Loans	-	-	-	-	0.00	0.00	0.00	-
33 Trfr out to cover Delinquents	(71,036.76)	(151,618.37)	(261,712.90)	(12,644.42)	(20,838.60)	(22,788.85)	0.00	(341,319.90)
34 Trfr out to cover Defaults	-	(36,008.59)	(99,054.39)	(6,584.22)	(16,894.22)	(16,894.22)	0.00	(163,531.42)
35 Miscellaneous	-	-	201.46	52,335.03	0.00	(104,444.79)	144,659.67	92,351.39
Ending Balance	24,927.99	62,047.85	59,454.81	59,145.42	111,114.74	64,298.82	208,958.49	208,958.49
Ending Balance (check)	24,927.99	62,047.85	59,454.81	59,145.42	111,114.74	64,298.82	208,958.49	208,958.49
LIQUIDITY RESERVE								
36 Beginning Balance	-	-	-	-	-	-	-	-
37 Interest	-	-	-	-	-	-	-	-
38 Trfr to Collection acct for delinquent int	-	-	-	335,325.25	213,115.21	204,237.50	-	-
39 Trfr from Collection to recover delin int	-	-	-	335,325.25	213,115.21	199,681.82	-	-
40 Ending Balance	-	-	-	945,300.00	945,300.00	945,300.00	945,300.00	-
Ending Balance (check)	-	-	-	945,300.00	945,300.00	945,300.00	945,300.00	-
41 TOTAL RESERVE	24,927.99	62,047.85	59,454.81	1,044,445.42	1,056,414.74	1,008,598.82	1,154,258.49	4,411,148.12

XS Spread Bal	64,298.82	208,958.49
XS Tr post March	144,659.67	-
Current	18,884.22	0.00
1 Mth Prior	6,584.22	18,884.22
2 Mth Prior	0.00	6,584.22
Adj Bal	234,426.93	234,426.93

Reserve Remit Amt-7%	95,901.79	208,204.30	286,766.28	174,475.12	173,682.89	173,070.50	173,070.50	1,286,051.38
Delinquent fr XS	71,636.76	151,618.37	261,712.90	12,644.42	20,838.60	22,788.85	-	541,319.90
	167,538.55	359,822.67	548,479.18	187,119.54	194,521.49	195,779.35	173,070.50	1,826,371.28

IndexC-21

End Mth	Total
4,992,295.67	
278,542.09	
134,097.28	
198.54	
209,407.54	
645,563.29	
550,624.55	
1,387,876.72	
159,681.82	
-	
<u>8,357,374.70</u>	
8,357,374.70	
156,993.17	
3,075,380.35	
228,981.26	
537,335.28	
873,016.73	
659,910.08	
461,559.57	
941,624.78	
59,384.19	
1,390,148.61	
<u>3,332.72</u>	
(0)	
(0)	
48,941,522.58	
(2,080,281.28)	
<u>46,861,241.30</u>	

Ending Balance (check)	9,393,788.79	21,981,215.08	36,890,352.58	46,712,825.33	39,332,830.73	48,011,199.14	47,843,288.99	47,504,488.61	47,198,303.33	46,861,241.30	46,861,241.30
EXCESS SPREAD RESERVE											
29 Beginning Balance	-	12,706.90	64,348.72	130,110.57	55,801.22	67,077.37	6,995.20	56,027.33	78,971.79	64,728.45	8,073.64
30 Reserve Remit Amount	12,880.44	69,689.24	195,763.62	265,027.07	65,523.99	-	-	113,230.00	116,952.66	143,600.00	0.00
31 2 Mths Prior Defaults R Insurer	-	-	-	-	-	-	48,841.50	23,037.45	60,330.70	24,783.52	0.00
32 Recoveries on Defaulted Loans	-	-	-	-	-	-	-	-	0.00	0.00	0.00
33 Trf out to cover Delinquents	(173.54)	(18,046.42)	(130,002.77)	(239,805.98)	-	-	-	-	0.00	0.00	0.00
34 Trf out to cover Defaults	-	-	-	(90,892.71)	(64,247.84)	(22,205.24)	(34,049.49)	(38,802.89)	(40,733.16)	(40,593.55)	0.00
35 Miscellaneous	-	-	-	1,162.27	-	(1,658.53)	58,896.21	81,530.14	(17,152.88)	(194,381.44)	0.00
Ending Balance (check)	12,706.90	64,348.72	130,110.57	55,801.22	67,077.37	6,995.20	56,027.33	78,971.79	64,728.45	8,073.64	8,073.64
LIQUIDITY RESERVE											
36 Beginning Balance	-	-	-	-	-	-	-	-	-	-	-
37 Interest	-	-	-	-	-	-	-	-	-	-	-
38 Trf to Collection acct for delinquent int	-	-	-	-	-	-	-	-	-	-	-
39 Trf from Collection to recover delin int	-	-	-	-	-	-	-	-	-	-	-
40 Ending Balance	-	-	-	-	-	-	-	-	-	-	-
Ending Balance (check)	-	-	-	-	-	-	-	-	-	-	-
41 TOTAL RESERVE	12,706.90	64,348.72	130,110.57	55,801.22	67,077.37	1,446,271.15	1,605,512.00	1,628,456.46	1,614,213.12	1,557,558.31	1,557,558.31

Reserve Remit Amt-7%	54,797.09	126,223.75	215,183.72	272,481.48	228,441.51	280,065.33	279,086.85	277,108.41	275,323.44	273,357.24	273,357.24
Delinquent @ XS	173.54	18,046.42	130,002.77	239,805.98	-	22,205.24	-	38,802.89	40,733.16	40,593.55	-
	54,970.63	146,270.17	345,196.49	532,087.46	228,441.51	302,231.57	279,086.85	315,912.30	316,056.60	314,950.79	273,357.24

XS Spread Bal	8,073.64	8,073.64
Defaults:		
Current	184,361.44	0.00
1 Mth Prior	133,640.88	184,361.44
2 Mth Prior	156,050.24	133,640.88
Adj Bal	482,125.98	326,075.74

982,697.02	
156,993.17	
(584,674.04)	
(670,306.38)	
123,393.87	
8,073.84	
1,549,484.67	
27,317.03	
1,387,976.72	
1,380,659.69	
1,549,484.67	
9,739,615.13	
2,558,446.06	
550,524.55	
3,109,070.61	

Summary \$200M

RSA Sub- #1 (23308) SFC Policy #2

CASH FLOW IN

Beginning Balance

	December '99	January	February	March	April	May	June	July	August	September	October
1 Scheduled Payments	20,863	111,345	188,938	313,451	453,987	488,242	354,865	242,107	1,033,436	962,817	1,077,439
2 Pre-Payments	5,185	24,735	25,976	144,095	125,327	173,195	223,420	176,189	0	0	0
3 Recoveries on Delinquent Loans	0	172	2,570	3,388	98,679	96,102	106,241	202,368	467	3,099	900
4 Recoveries on Defaulted Loans	0	0	0	0	0	0	0	0	0	0	0
5 Misc & Interest	0	910	2,595	1,241	7,797	6,943	5,778	5,052	0	0	10,352
6 Transfer fr XS Spd for Defaults-current	0	5,622	0	0	0	8,644	137,444	17,279	100,320	79,817	78,635
7 Transfer fr XS Spd for Delin-current	1,114	0	18,544	68,020	245,042	347,733	502,620	619,481	32,791	32,699	33,952
8 Transfer fr Liquidity Res for Delin Int	0	0	0	0	0	0	0	0	140,346	142,988	73,278
9 RSA print on Defaults (2 prior mths)	0	0	0	0	0	0	0	0	0	138,447	17,341
10 Transfer fr Insurance acct	0	0	0	0	0	0	0	0	0	0	0

Ending Balance

Ending Balance (check)

CASH FLOW OUT OF DISB A/C

11 Ending Balance	27,182	142,783	238,623	530,197	930,782	1,128,859	1,330,368	1,262,476	1,307,359	1,358,566	1,296,907
12 Tfr to XS Spd for InsPmt on Default	0	0	0	0	0	0	0	0	0	0	0
13 Interest pmts to bank/investors	9,272	57,859	106,755	187,572	255,249	330,149	278,030	291,149	488,419	464,866	462,034
14 Fees & Expenses to Lender	0	0	3,495	24,462	50,059	52,287	45,863	42,427	6,250	6,250	6,250
15 Principal Scheduled	1,009	6,725	7,781	27,611	43,297	53,876	55,941	58,303	75,227	59,833	66,006
16 Principal Prepayments	5,185	24,735	25,976	144,095	125,327	173,195	223,420	176,189	231,721	184,984	235,953
17 Principal Defaults	0	0	0	0	0	6,313	130,591	16,418	95,549	75,560	74,770
18 Service Fee	0	34,021	36,861	68,418	82,825	79,001	78,318	78,318	88,423	87,752	87,217
19 Reserve Escrow Retention Amt	11,686	54,464	60,595	108,595	388,432	430,115	517,722	599,674	201,326	196,520	253,936
20 MBA Insurance & Reserve	0	0	0	0	0	0	0	0	0	0	0
21 Tfr to Liquidity Res Act	0	0	0	0	0	0	0	0	140,346	142,988	73,278
22 Remainder to SFC	0	0	0	0	0	0	0	0	97	2,967	1,335
23 Ending Balance	0	0	0	0	0	0	0	0	(0)	(0)	0
24 Ending Balance (check)	0	0	0	0	0	0	0	0	(0)	(0)	0

LOAN PRINCIPAL

24 Beginning Balance	0	6,778,043	13,643,038	13,716,785	35,965,274	43,279,822	47,400,488	46,990,523	46,739,614	52,651,145	52,330,368
25 Loans Purchased/(Removed) by Lender	6,778,043	8,903,550	107,505	22,420,194	7,463,173	4,354,027	10	0	6,314,026	0	0
26 Less Principal Payments	(6,184)	(30,460)	(33,757)	(171,706)	(188,624)	(233,852)	(409,952)	(250,909)	(402,030)	(320,777)	(376,739)
27 Adjustments	0	0	0	0	0	0	0	0	(467)	0	0
28 Ending Balance	6,769,849	13,643,038	13,716,785	35,965,274	43,279,822	47,400,488	46,990,523	46,739,614	52,651,145	52,330,368	51,953,629

November	December 00	January 01	February 01	Next End Mth	Total
0	0	0	0	0	0
866,317	1,066,864	916,430	981,630	0	9,088,481
0	0	0	0	0	898,121
780	246	298	307	0	516,619
0	0	0	0	0	0
207	529	1,212	1,458	0	44,074
106,951	197,900	237,989	281,295	0	1,248,896
47,568	36,699	47,497	46,980	0	2,085,647
154,614	21,112	130,064	86,982	0	751,384
100,320	79,817	78,814	107,521	0	522,258
0	0	0	0	0	0
1,276,756	1,403,164	1,412,304	1,508,173	0	15,155,479
1,276,756	1,403,164	1,412,304	1,508,173	0	15,155,479
100,320	79,817	78,814	107,521	0	522,258
458,707	456,161	452,293	448,290	0	4,728,804
5,260	5,360	5,650	5,050	0	258,443
70,490	63,943	70,572	79,432	0	738,047
116,107	185,987	156,506	179,132	0	2,188,601
101,820	188,184	226,236	267,256	0	1,183,097
86,686	87,006	86,979	86,823	0	988,336
168,070	302,252	193,102	232,123	0	3,718,621
21,647	21,527	21,345	21,166	0	107,478
145,338	12,015	120,720	80,657	0	712,314
1,418	940	1,089	1,733	0	9,580
0	0	0	(0)	0	(0)
0	0	0	0	0	(0)
51,965,629	51,665,212	51,227,119	50,773,805	###	54,358,629
0	0	0	0	0	0
(288,416)	(438,084)	(453,313)	(525,821)	0	(4,110,177)
0	0	0	0	0	(467)
51,665,212	51,227,119	50,773,805	50,247,984	###	50,247,984

Ending Balance (check)	6,769,849	13,643,038	13,716,786	35,965,274	43,279,822	47,400,466	46,990,523	46,739,614	52,651,145	52,330,366	51,953,629
EXCESS SPREAD RESERVE											
29 Beginning Balance	0	10,582	62,594	104,700	146,650	290,520	367,092	241,581	206,116	274,645	486,195
30 Reserve Rerit Amount	11,596	54,464	60,295	109,595	388,432	430,115	517,722	599,674	201,326	195,520	253,935
31 2. Mths Prior Defaults fr Insurer	0	0	0	0	0	0	0	0	0	136,447	17,341
32 Recoveries on Defaulted Loans	0	0	0	0	0	0	0	0	0	0	0
33 Tfr out to cover Delinquents	(1,114)	0	(16,544)	(88,020)	(245,042)	(347,783)	(502,620)	(619,481)	(32,781)	(32,589)	(38,962)
34 Tfr out to cover Defaults	0	(5,622)	0	0	0	(6,644)	(137,444)	(17,279)	(100,320)	(79,617)	(78,635)
35 Misc/Interest	0	3,189	55	375	480	834	(3,189)	1,622	314	0	(184,835)
Ending Balance (check)	10,582	62,594	104,700	146,650	290,520	367,092	241,581	206,116	274,645	486,195	465,041
LIQUIDITY RESERVE											
36 Beginning Balance											
37 Interest											
38 Tfr to Collection acct for delinquent int											
39 Tfr from Collection to recov delin int											
40 Ending Balance											
Ending Balance (check)											
41 TOTAL RESERVE	10,582	62,594	104,700	146,650	290,520	367,092	241,581	206,116	1,945,128	2,166,678	2,135,524
Reserve Rerit Amt 7%	39,491	79,584	80,015	209,797	252,466	276,503	374,111	272,648	307,132	305,260	303,063
Delinquent fr XS	1,114	0	16,544	88,020	245,042	347,783	502,620	619,481	32,781	32,589	38,962
	40,605	79,584	96,559	277,818	497,508	624,286	776,731	692,129	339,923	337,860	342,025

51,665,212	51,227,119	50,773,805	50,247,984	###
465,041	765,613	913,085	902,246	###
168,070	302,252	193,102	232,123	0
0	0	0	0	0
100,320	78,817	78,814	107,521	0
(47,568)	(36,686)	(47,487)	(46,980)	0
(108,951)	(197,800)	(237,989)	(281,285)	0
186,701	0	2,733	7,487	0
765,613	913,085	902,246	921,104	###
765,613	913,085	902,246	921,104	###
1,670,483	1,670,483	1,670,483	1,670,483	###
9,276	9,097	9,344	8,325	0
154,614	21,112	130,064	88,882	0
145,338	12,015	120,720	80,657	0
1,670,483	1,670,483	1,670,483	1,670,483	###
1,670,483	1,670,483	1,670,483	1,670,483	###
2,436,096	2,593,568	2,572,731	2,591,587	###
301,350	298,825	296,181	293,113	###
47,598	39,695	47,497	46,980	0
348,949	335,520	343,677	340,093	###

XS Spread Bal		921,104	###
Defaults:			
Current		281,295	0
1 Mth Prior		237,889	###
2 Mth Prior		197,900	###
Adj Bal		1,638,287	###

\$75M Summary **Summary \$75M Deal**
Policy RST 312276 **SFC Policy #1** **Grantor Trust 1**

	January	February	March	April	May	June	July	August	Sept	October	November	December	99	January 00	February
CASH FLOW IN															
Beginning Balance	0	(25,347)	0	114,044	0	0	0	14,919	0	0	0	0	0	0	0
Scheduled Payments	53,376	203,282	317,015	202,719	255,916	222,986	236,450	367,900	485,661	545,404	609,788	849,194	480,920	434,424	434,424
Pre-Payments	64,144	155,808	315,111	219,808	282,212	265,209	187,782	245,721	304,839	374,670	461,780	492,118	365,015	432,950	432,950
Recoveries on Delinquent Loans	17,325	128,615	303,223	111,993	162,891	181,263	263,097	281,783	309,717	354,364	427,614	408,149	428,176	655,398	655,398
Recoveries on Defaulted Loans	0	0	0	0	0	120	0	0	0	0	0	0	0	0	0
Misc & Interest	0	0	0	3,170	3,468	2,344	14,292	1,807	1,824	3,061	4,902	7,023	8,689	7,529	7,529
Transfer of XS Spd for Defaults-current	0	0	41,465	62,615	12,485	0	65,140	72,038	94,381	119,960	122,018	110,360	124,989	250,053	250,053
Transfer of XS Spd for Delinquent-current	120,546	227,366	173,179	278,943	324,678	372,627	422,817	522,561	535,330	586,762	613,420	691,093	672,724	810,555	810,555
Transfer of Liquidity Fee for Delin Int	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RSA pmt on defaults (2 prior mths)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer of Insurance acct	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	255,392	688,754	1,149,984	991,292	1,022,852	1,045,530	1,189,577	1,506,758	1,731,753	2,049,102	2,312,157	2,457,064	2,401,876	2,823,985	2,823,985
Ending Balance (check)	255,392	688,754	1,149,984	991,292	1,022,852	1,045,530	1,189,577	1,506,758	1,731,753	2,049,102	2,312,157	2,457,064	2,401,876	2,823,985	2,823,985
CASH FLOW OUT OF DISB A/C															
Tft to XS Spd for Recovery on Default	0	0	0	0	0	120	0	0	0	0	0	0	0	0	0
Interest pmts to bank/institutions	38,579	105,339	154,001	147,179	156,400	175,889	240,393	288,021	276,160	351,831	384,085	417,421	382,732	389,633	389,633
Fees & Expenses to Lender/Trustee	0	0	9,816	0	3,367	0	16,292	51,507	38,017	55,152	52,369	60,592	85,794	84,876	84,876
Principal, Scheduled	57,469	80,072	81,952	88,698	91,304	92,622	94,620	122,307	127,694	132,607	137,696	142,943	141,785	141,945	141,945
Principal, Prepayments	64,144	155,808	315,111	219,808	282,212	265,209	187,782	245,721	304,839	374,670	461,780	492,118	365,015	432,950	432,950
Principal, Defaults	0	0	39,438	59,493	11,653	0	61,921	68,505	90,163	113,724	116,273	104,910	118,818	238,754	238,754
Service Fee	0	0	80,433	22,890	0	0	0	0	62,397	73,916	57,776	31,710	75,015	31,400	31,400
Reserve Escrow Remittance Amt	120,546	347,535	365,198	456,225	497,635	510,710	580,714	723,425	832,512	882,061	1,029,313	1,109,242	1,128,376	1,381,553	1,381,553
MBA Insurance & Reserve															
Tft to Liquidity Res Acct	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Remittance to ST-CI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	(25,347)	0	114,044	0	0	0	14,919	0	0	0	0	0	0	0	0
Ending Balance (check)	(25,347)	0	114,044	0	0	0	14,919	0	0	0	0	0	0	0	0
Act Res Remit Amt as % of OS Principal															
Reserve Remit Amt-%	146,185	166,733	182,019	170,282	221,559	218,868	326,845	374,280	428,906	462,688	524,286	528,405	523,706	617,506	617,506
Delinquent & XS	120,546	227,366	173,179	278,943	324,678	372,627	422,817	522,561	535,330	586,762	613,420	691,093	672,724	810,555	810,555
	266,731	394,129	355,198	456,225	546,437	591,495	751,662	896,841	964,236	1,049,450	1,137,706	1,219,498	1,396,429	1,428,162	1,428,162

	March	April	May	June	July	August	September	October	November	December 08	January 09	February 09	Next Month	End	Total
471,444	0	0	0	0	0	0	(0)	(0)	0	0	0	0	0	0	0
471,444	415,767	501,269	472,114	429,744	389,104	342,890	324,470	290,612	272,557	264,479	249,837	249,837	0	0	9,490,381
667,313	243,705	532,591	408,461	329,481	413,964	376,640	348,362	648,723	879,101	300,219	306,036	0	0	0	9,603,971
871,252	923,864	565,564	549,060	709,827	659,754	703,007	847,122	571,332	667,026	823,488	962,563	0	0	0	13,102,465
0	0	0	0	0	0	400	3,953	1,240	659	1,769	5,371	2,425	0	0	13,511
7,407	710,988	3,220	5,331	4,794	5,441	4,811	10,445	5,292	5,264	4,655	5,371	2,425	0	0	826,403
279,656	320,602	363,475	645,025	513,357	410,325	623,957	402,583	915,158	640,133	550,304	617,210	0	0	0	7,366,201
861,169	592,629	364,020	364,537	359,794	367,482	362,753	361,977	385,702	341,989	338,078	331,983	0	0	0	11,652,562
0	162,778	438,381	479,088	479,039	484,691	506,598	519,444	537,854	537,595	534,619	538,069	0	0	0	5,184,545
111,730	82,333	328,378	265,638	326,923	392,365	661,866	524,646	1,590	6,794	0	0	0	0	0	3,202,494
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3,270,190	3,454,856	3,084,876	3,181,034	3,148,990	3,323,137	3,583,631	3,343,591	3,327,483	3,360,117	2,817,547	3,013,979	0	0	0	80,442,912
3,270,190	3,454,856	3,084,876	3,181,034	3,148,990	3,323,137	3,583,631	3,343,591	3,327,483	3,360,117	2,817,547	3,013,979	0	0	0	80,442,912
111,730	82,333	328,378	265,638	326,923	392,365	661,866	525,599	2,820	7,453	2,079	5,371	0	0	0	3,212,818
371,172	365,650	497,509	457,066	472,021	463,861	438,082	518,795	477,313	485,925	421,036	429,433	0	0	0	8,896,333
68,680	68,479	20,089	17,619	16,478	16,135	69,662	34,459	22,909	16,647	16,647	25,324	0	0	0	854,252
143,696	592,941	159,434	150,765	146,579	135,964	137,188	138,192	136,874	137,672	138,602	139,170	0	0	0	4,048,041
667,313	243,705	532,591	408,461	329,481	413,964	376,640	348,362	648,723	879,101	300,219	306,036	0	0	0	9,603,971
286,324	304,636	356,576	622,988	488,316	380,186	593,540	383,093	870,742	617,591	523,244	608,313	0	0	0	1,727,331
222,279	324,296	19,744	5,128	88,016	220,429	27,128	56,054	600	450	92,563	144,139	0	0	0	7,050,411
1,369,117	946,069	747,175	789,162	751,257	751,668	759,600	764,063	615,416	653,971	776,628	806,341	0	0	0	19,720,313
0	0	0	20,033	18,755	19,511	19,273	19,047	18,826	18,415	18,128	17,861	0	0	0	170,879
0	162,778	436,381	443,585	468,652	477,965	500,466	512,936	531,266	531,260	528,002	531,961	0	0	0	5,125,291
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)	0	0	0	80,189
0	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)	0	0	0	24
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
507,966	511,085	508,388	489,622	452,261	465,223	478,943	469,242	456,804	444,545	437,329	429,428	429,428	0	0	10,961,512
981,189	592,629	364,020	364,537	359,794	367,482	362,753	361,977	385,702	341,989	338,078	331,983	0	0	0	11,652,562
1,369,155	1,103,914	872,408	863,858	852,076	852,715	839,696	831,219	812,506	788,534	775,345	761,411	429,428	0	0	22,804,464

LOAN PRINCIPAL														
Beginning Balance	0	19,491,278	22,231,091	24,269,212	23,904,213	29,541,214	29,182,384	43,845,943	49,901,384	57,187,494	61,689,097	69,904,814	70,454,022	69,827,420
Loans Purchased/Removed by Lender	18,612,891	2,975,694	2,474,621	0	6,002,461	0	15,000,818	6,498,247	7,808,777	5,122,605	8,831,665	1,289,180	(5)	0
Less Principal Payments	(121,613)	(235,880)	(436,500)	(384,993)	(365,460)	(358,831)	(337,259)	(443,805)	(522,667)	(621,001)	(715,949)	(739,972)	(626,599)	(813,248)
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	19,491,278	22,231,091	24,269,212	23,904,213	29,541,214	29,182,384	43,845,943	49,901,384	57,187,494	61,689,097	69,904,814	70,454,022	69,827,420	69,014,171
Ending Balance (check)	19,491,278	22,231,091	24,269,212	23,904,213	29,541,214	29,182,384	43,845,943	49,901,384	57,187,494	61,689,097	69,904,814	70,454,022	69,827,420	69,014,171
EXCESS SPREAD RESERVE														
Beginning Balance	0	0	120,139	302,158	481,440	654,186	792,898	866,746	1,016,847	1,221,311	1,464,546	1,834,524	2,245,234	2,501,557
Reserve Rmkt Amount	120,546	347,535	355,196	456,225	497,625	510,710	580,714	723,425	832,512	882,064	1,029,313	1,109,242	1,129,378	1,381,853
2 Mths Prior Defaults to Insurer	0	0	41,486	62,615	12,486	0	0	0	0	0	65,140	72,536	98,128	121,381
Recoveries on Defaulted Loans	0	0	0	0	0	120	0	0	0	0	0	0	0	0
Tfr out to cover Defaulted Loans	(120,546)	(227,396)	(173,179)	(278,943)	(324,878)	(372,627)	(422,817)	(522,581)	(635,330)	(786,782)	(913,420)	(891,093)	(872,724)	(910,553)
Tfr out to cover Defaults	0	0	(41,486)	(62,615)	(12,486)	0	(65,140)	(72,038)	(94,381)	(119,680)	(122,018)	(110,360)	(124,989)	(250,053)
Miscellaneous	0	0	0	0	0	608	991	1,293	1,683	2,475	3,468	4,793	3,299	7,897
Ending Balance	0	120,139	302,158	481,440	654,186	792,898	866,746	1,016,847	1,221,311	1,464,546	1,834,524	2,245,234	2,501,557	2,853,675
Ending Balance (check)	0	120,139	302,158	481,440	654,186	792,898	866,746	1,016,847	1,221,311	1,464,546	1,834,524	2,245,234	2,501,557	2,853,675
LIQUIDITY RESERVE														
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tfr to Collection acct for delinquent int	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tfr from Collection to recover delin int	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance (check)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESERVE														
	0	120,139	302,158	481,440	654,186	792,898	866,746	1,016,847	1,221,311	1,464,546	1,834,524	2,245,234	2,501,557	2,853,675

April 2000 XS Spread MISC. 937,000 to LIO Res plus 332,213.20

69,014,171	67,728,752	68,144,714	67,785,120	66,602,906	65,637,519	64,956,386	63,592,399	62,566,538	60,907,189	59,272,655	58,310,571	57,257,052	77,954,450
(213,112)	1,317,244	698,007	(1)	0	1	3,580	(157,223)	0	0	0	0	0	(19,844,586)
(1,077,332)	(843,455)	(1,045,601)	(1,182,213)	(985,367)	(941,134)	(1,107,588)	(859,638)	(1,568,339)	(1,634,564)	(962,064)	(1,053,519)	0	(852,802)
5,025	(657,827)	0	0	0	0	0	0	0	0	0	0	0	
67,728,752	68,144,714	67,785,120	66,602,906	65,637,519	64,956,386	63,592,399	62,566,538	60,907,189	59,272,655	58,310,571	57,257,052	57,257,052	
67,728,752	68,144,714	67,785,120	66,602,906	65,637,519	64,956,386	63,592,399	62,566,538	60,907,189	59,272,655	58,310,571	57,257,052	57,257,052	
Only Call to Include Grantor Trust \$50M													
2,953,675	3,193,476	2,728,425	3,086,938	3,149,025	3,416,076	3,998,983	4,351,959	4,506,562	4,344,125	4,032,672	3,948,897	3,818,237	19,750,313
1,369,117	949,086	747,175	765,152	791,757	751,688	759,600	764,063	816,416	653,971	776,628	806,341	0	3,319,080
111,730	82,333	328,378	286,636	328,923	392,965	661,868	524,646	1,580	6,794	0	0	0	7,511
0	0	0	0	0	0	0	3,953	1,240	659	1,058	481	0	(11,652,992)
(961,189)	(592,829)	(384,020)	(384,337)	(359,794)	(367,482)	(362,753)	(361,977)	(355,702)	(341,888)	(338,016)	(331,983)	0	(7,366,201)
(279,865)	(320,802)	(383,475)	(948,025)	(513,357)	(410,325)	(623,967)	(402,583)	(916,156)	(649,133)	(590,304)	(517,210)	0	(239,484)
0	(583,011)	10,455	18,659	20,520	77,672	18,229	25,492	91,195	18,245	25,859	11,711	0	
3,193,476	2,728,425	3,086,938	3,149,025	3,416,075	3,898,983	4,351,959	4,506,562	4,344,125	4,032,672	3,948,897	3,818,237	3,818,237	
3,193,476	2,728,425	3,086,938	3,149,025	3,416,075	3,898,983	4,351,959	4,506,562	4,344,125	4,032,672	3,948,897	3,818,237	3,818,237	
1,323,750	1,323,750	1,324,761	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750
0	1,011	6,473	6,407	6,706	6,542	6,507	6,556	6,336	6,817	6,097	0	0	59,254
162,778	436,381	451,058	475,059	494,891	506,998	519,444	537,854	537,595	534,519	538,058	0	0	5,184,545
162,778	436,381	443,565	468,652	477,885	500,456	512,936	531,286	531,280	528,002	531,967	0	0	5,126,281
1,323,750	1,324,761	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750
1,323,750	1,324,761	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750	1,323,750
3,193,476	4,052,175	4,411,608	4,672,176	4,738,625	5,222,733	5,676,109	6,229,302	5,667,876	5,356,422	5,272,647	5,141,987	5,141,987	5,141,987
Res Remit Make up if SFC plus \$20K in 951X XS Res Remit Make up if SFC plus \$15K interest													

Grantor Trust #1/\$75M Policy

	January	February	March	April	May	June	July	August	Sept	October	November	December 99	January 00	February	March	April
Actual Interest-Curr	9,980	154,239	275,128	147,517	200,960	171,878	181,586	298,840	407,706	465,023	528,732	561,512	408,008	378,515	420,890	120,452
Actual Interest-Delinq	3,242	97,586	283,158	81,487	127,433	139,731	213,157	228,736	280,005	302,138	370,773	353,888	362,325	579,783	778,010	268,229
Total	13,232	251,824	558,286	229,014	328,423	311,609	404,743	527,576	687,714	767,161	899,505	915,399	769,333	958,278	1,198,900	388,680
Beg OS Principal	0	19,491,278	22,231,091	24,269,212	23,904,213	29,541,214	29,182,384	43,845,943	49,901,384	57,187,494	61,689,087	69,904,614	70,464,022	69,827,420	69,014,171	67,728,752
Implied Int Rate	#DIV/0!	15.60%	29.06%	11.32%	16.49%	12.66%	16.64%	14.43%	16.06%	16.10%	17.50%	15.71%	13.08%	16.47%	20.85%	6.89%
Interest based on Delinquency Data																
Maximum at Rate=>	20.40%	331,352	317,929	412,577	406,372	502,201	499,101	745,381	848,324	972,187	1,046,715	1,189,382	1,197,718	1,187,086	1,173,241	1,161,389
Expected on Delinq Data-Curr														849,939	864,119	851,194
Expected on Delinq Data-Delinq																229,238
Total														(471,425)	(433,130)	1,090,432
Variance: Pos(Neg)																(691,732)

Grantor Trust #2/\$250M Policy#1 SFC#2

	January	February	March	April	May	June	July	August	Sept	October	November	December 99	January 00	February	March	April
Actual Interest-Curr												19,853	105,629	181,262	286,135	418,317
Actual Interest-Delinq												0	183	2,466	3,094	90,948
Total												19,853	105,791	183,728	289,229	509,319
Beg OS Principal												0	6,769,849	13,643,038	13,716,785	35,965,274
Implied Int Rate												#DIV/0!	16.72%	15.94%	25.03%	13.86%

Interest based on Delinquency Data

Maximum at Rate=>

20.40%

Expected on Delinq Data-Curr

Expected on Delinq Data-Delinq

Total

Variance: Pos(Neg)

Grantor Trust #3/\$250M Policy#2 SFC#3

	January	February	March	April	May	June	July	August	Sept	October	November	December 99	January 00	February	March	April
Actual Interest-Curr																
Actual Interest-Delinq																
Total																
Beg OS Principal																
Implied Int Rate																
Interest based on Delinquency Data																
Maximum at Rate=>	20.40%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

	May	June	July	September	October	November	December 00	January 01	February 01
47/74/7	402.412	374.467	346.424	287.914	286.217	243.789	232.553	230.786	221.259
482.631	467.988	618.624	765.450	610.766	747.782	479.280	569.148	718.580	862.467
910.378	878.010	992.991	1,111.875	908.709	1,033.999	723.069	807.171	949.364	1,073.728
68,144,714	67,785,120	66,602,906	65,537,519	64,698,366	63,595,929	62,565,538	60,907,189	59,727,635	58,310,571
16.03%	15.41%	17.89%	20.33%	16.86%	19.51%	13.87%	15.80%	19.22%	22.10%

1,159,460	1,152,347	1,132,249	1,115,838	1,099,839	1,081,071	1,063,614	1,005,422	1,007,635	991,280
836,422	760,409	767,452	784,639	796,974	651,143	717,373	518,068	433,794	514,766
230,646	300,444	254,323	331,198	302,861	382,712	340,107	438,825	482,420	406,968
1,087,068	1,063,853	1,021,775	1,115,838	1,099,839	1,094,315	1,057,480	966,913	932,214	921,734
(776,890)	(180,444)	(28,764)	(3,963)	(191,130)	(9,416)	(334,410)	(155,202)	17,152	151,992

	May	June	July	August	September	October	November	December	01 January	01 February	01
	463,078	311,813	210,348	728,522	717,992	775,524	679,783	816,969	868,376	723,030	
	87,390	59,352	175,823	433	2,907	845	719	231	276	283	
	540,488	405,165	386,172	728,955	720,189	775,368	680,459	817,200	988,652	723,371	
	43,279,832	47,400,468	46,890,523	46,738,614	52,651,514	52,330,368	51,965,212	51,227,121	50,773,805		
	12.56%	7.89%	5.37%	16.55%	16.36%	17.18%	15.73%	18.80%	16.15%	17.05%	

735,757	805,808	708,639	794,573	895,089	889,618	863,212	878,309	870,861	863,165
		812,663	519,676	376,624	385,594	359,214	356,597	368,480	344,795
		159,066	192,593	309,688	415,886	440,100	350,071	480,517	603,779
		771,688	712,270	798,280	807,480	799,315	746,608	850,057	848,574
	(385,527)		14,685	(65,381)	(25,097)	(118,675)	70,582	(167,406)	(135,201)

	May	June	July	August	September	October	November	December	January	February
	22,366	220,335	369,897	369,696	387,170	340,108	378,505	568,964	564,656	658,656
0		6,864	75,090	43,753	299	299	70	201	1,083	75
22,366	220,335	376,586	444,756	430,923	340,469	376,576	560,185	566,743	564,767	658,681
0	8,393,787	21,891,215	36,560,953	46,712,825	39,332,831	48,011,159	47,504,710	47,198,303	47,198,303	47,198,303
#DIV/0!	28.15%	20.19%	12.03%	8.95%	10.38%	9.41%	14.80%	15.02%	15.22%	15.22%
0	159,694	373,681	627,136	794,118	668,658	816,190	813,336	807,576	802,374	802,374

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					620,866	714,706	541,806	509,687	353,117	279,558	245,539
					5,990	5,990	280,292	305,532	418,691	415,245	
					620,866	714,706	547,796	789,048	638,649	698,249	660,784
					(261,159)	(327,536)	(207,388)	(413,273)	(88,484)	(102,506)	(62,023)
May	June	July	August	September	October	November	December 00	January '01	February 01		
				4,212	145,216	275,699	162,272	270,700	274,046		
				51,156	70,917	79,363	368	461	4		
				55,389	216,133	355,062	162,640	271,161	274,050		
				0	16,440,306	35,692,163	48,159,534	29,910,021	29,774,210		
				#DIV/0!	10.60%	9.27%	3.96%	10.86%	11.04%		
0	0	0	0	0	279,485	606,167	835,719	508,470	506,162		
					605,830	777,659	380,386	227,916			
					57,226	145,433	231,483				
					834,885	505,821	459,399				
					(250,779)	(672,245)	(234,660)	(185,349)			

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Loans	8,791	8,771	8,768	8,742	9,719	9,682	9,640	9,593	0	0
Loan Amount	63,053,842	62,651,145	62,330,368	61,953,929	61,865,412	61,227,119	60,773,805	60,247,984	0	0
Loans	7,609	6,347	6,478	4,607	4,378	4,783	4,481	3,100		
% of Loans	76.7%	67.0%	66.16%	47.20%	45.04%	49.40%	46.48%	32.32%		
Loan Amount	40,194,184	34,435,607	27,865,876	22,516,954	21,012,940	23,131,066	21,396,008	14,250,558		
% of Principal	75.79%	65.40%	53.25%	43.34%	40.67%	45.15%	42.08%	28.36%		
Loans	1,316	2,784	3,885	4,785	4,176	2,403	2,528	3,765		
% of Loans	17.5%	28.29%	39.82%	48.91%	42.96%	24.62%	26.22%	39.25%		
Loan Amount	7,457,746	16,742,065	22,361,241	27,626,563	23,994,482	13,763,710	14,396,573	20,293,719		
% of Principal	14.1%	29.9%	42.7%	59.2%	49.3%	26.9%	28.4%	40.4%		
Loans	869	460	412	370	1,764	2,486	2,631	2,728		
% of Loans	12.9%	4.71%	4.22%	3.80%	11.98%	26.78%	27.29%	28.44%		
Loan Amount	5,401,712	2,473,583	2,113,250	1,810,111	8,787,781	14,532,343	15,010,324	16,703,708		
% of Principal	10.2%	4.70%	4.04%	3.48%	12.98%	27.98%	29.56%	31.26%		
Loans	0	20	15	14	26	34	42	47		
% of Loans	0.0%	0.20%	0.16%	0.14%	0.27%	0.35%	0.44%	0.49%		
Loan Amount	0	95,549,40	76,959,85	74,769,56	101,819,67	188,163,75	228,296,45	287,258,22		
% of Principal	0.0%	0.18%	0.15%	0.14%	0.20%	0.37%	0.45%	0.53%		
Cumulative Default numbers										
versus Original Pool Cdr	0.00%	0.18%	0.32%	0.46%	0.65%	1.01%	1.44%	1.94%		
Projected Default at inception	0.00%	0.12%	0.23%	0.47%	0.70%	0.77%	0.82%	0.86%		
Variance to Default Projections	0.00%	0.06%	0.09%	0.00%	-0.04%	0.24%	0.62%	1.08%		
Prior Mth End	75.76%	65.40%	53.25%	43.34%	40.67%	45.15%	42.08%	28.36%	0.00%	0.00%
Change	-10.38%	-12.15%	-9.91%	-2.67%	4.48%	-3.07%	-13.72%	-28.36%	0.00%	0.00%
Current Mth End	65.40%	53.25%	43.34%	40.67%	45.15%	42.08%	28.36%	0.00%	0.00%	0.00%
Prior Mth End	14.00%	28.80%	42.71%	53.18%	53.18%	46.35%	26.87%	28.35%	40.39%	0.00%
Front(TO) Current	10.38%	12.15%	9.91%	2.67%	-4.48%	3.07%	13.72%	28.36%	28.36%	0.00%
Front(TO) 2 Cycles	5.48%	0.69%	0.55%	-9.50%	-14.99%	-1.59%	-1.69%	-1.69%	-1.69%	0.00%
Current Mth End	29.80%	42.71%	53.18%	46.35%	26.87%	28.35%	40.39%	100.00%	0.00%	0.00%

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Loans	10,982	10,983	10,913	10,809	10,686	10,606	10,512	10,409	10,224	10,088	9,969	9,847	0	0
Loan Amount	50,000,000	48,874,442	48,079,728	47,411,191	46,827,238	46,254,312	45,713,923	45,182,247	44,195,187	43,507,115	42,938,063	42,242,185	0	0
Loans	8,231	8,610	7,866	7,906	8,008	8,230	7,023	7,268	5,888	5,091	4,845	5,439		
% of Loans	74.9%	78.39%	72.08%	73.13%	74.94%	77.60%	66.81%	69.80%	57.67%	50.46%	48.60%	56.24%		
Loan Amount	35,798,299	36,131,712	31,726,786	32,136,876	32,928,167	33,517,345	27,534,108	30,474,407	22,113,675	18,889,182	17,865,921	20,679,538		
% of Principal	71.60%	73.83%	65.99%	67.78%	70.32%	72.46%	60.23%	67.45%	50.04%	43.65%	41.84%	48.65%		
Loans	1,710	948	2,231	1,267	1,127	1,481	2,251	1,854	2,307	2,417	1,870	1,137		
% of Loans	20.5%	8.61%	20.44%	11.72%	10.66%	14.08%	21.41%	17.81%	22.58%	23.98%	19.78%	11.55%		
Loan Amount	9,175,793	4,818,965	12,123,828	8,479,071	5,504,301	7,397,254	11,300,304	7,648,324	11,824,630	11,184,242	8,780,694	4,892,863		
% of Principal	18.4%	9.88%	25.22%	13.67%	11.75%	15.97%	24.72%	18.93%	28.76%	25.66%	20.45%	11.04%		
Loans	1,061	1,427	816	1,637	1,651	885	1,238	1,290	2,031	2,578	3,154	3,271		
% of Loans	12.5%	12.89%	7.48%	15.14%	14.51%	8.34%	11.78%	12.89%	19.87%	25.66%	31.64%	33.27%		
Loan Amount	5,024,908	7,923,765	4,229,115	8,785,246	8,394,708	5,348,714	8,878,513	7,080,207	10,256,882	13,353,651	16,191,457	18,899,794		
% of Principal	10.0%	16.21%	8.60%	18.55%	17.93%	11.57%	16.05%	16.53%	23.21%	30.65%	37.71%	40.01%		
Loans	0	9	53	49	49	24	47	25	60	60	44	89		
% of Loans	0.0%	0.08%	0.49%	0.43%	0.46%	0.23%	0.45%	0.24%	0.59%	0.59%	0.44%	0.70%		
Loan Amount	0	32,342	222,765	198,769	211,263	111,806	89,472	119,051	270,161	220,037	201,224	304,788		
% of Principal	0.0%	0.07%	0.46%	0.42%	0.45%	0.24%	0.22%	0.26%	0.61%	0.57%	0.47%	0.72%		
Cumulative Default numbers versus Original Pool Cdr														
	0.0%	0.06%	0.51%	0.91%	1.33%	1.55%	1.75%	1.99%	2.53%	2.97%	3.37%	3.98%		
Prior Mth End	71.60%	73.83%	65.99%	67.78%	70.32%	72.46%	60.23%	67.45%	50.04%	43.65%	41.84%	48.65%		
Change	2.33%	-7.94%	1.79%	2.54%	-12.28%	7.22%	-17.41%	-6.39%	-1.80%	-7.11%	-1.80%	-2.30%		
Current Mth End	73.93%	65.99%	67.78%	70.32%	72.46%	60.23%	67.45%	50.04%	43.65%	41.84%	48.65%			
Prior Mth End	18.36%	9.86%	25.22%	13.67%	11.75%	15.97%	24.72%	18.93%	28.76%	25.66%	20.45%	11.04%		
Front(To) Current	-2.33%	7.94%	-1.79%	-2.54%	-12.28%	7.22%	-17.41%	-6.39%	-1.80%	-7.11%	-1.80%	-2.30%		
Front(To) 2 Cycles	-4.16%	7.42%	-9.78%	0.63%	8.56%	-3.48%	-0.58%	-7.49%	-7.49%	-7.49%	-7.49%	-7.49%		
Current Mth End	9.88%	25.22%	13.67%	11.75%	15.97%	24.72%	18.93%	28.76%	25.66%	20.45%	11.04%			

Prior Mth End	10.05%	16.21%	8.80%	18.55%	17.83%	11.57%	15.05%	15.63%	23.21%	30.69%	37.71%
Front/To 1 Cycle	6.16%	-7.42%	9.76%	-0.63%	-4.38%	3.48%	0.58%	7.68%	7.48%	7.02%	2.30%
Current Mth End	16.21%	8.80%	18.55%	17.83%	11.57%	15.05%	15.63%	23.21%	30.69%	37.71%	40.01%
Current % Paid	71.93%	73.53%	65.89%	67.76%	70.32%	72.40%	60.23%	67.45%	50.04%	43.65%	48.86%
1 Cycle Paid	9.86%	17.28%	13.67%	11.75%	15.97%	24.72%	16.83%	26.76%	25.68%	20.45%	11.04%
2 Cycles Paid	10.05%	8.80%	8.80%	8.80%	17.93%	11.57%	11.57%	16.83%	23.21%	30.69%	37.71%
Total	93.04%	93.04%	92.05%	90.24%	100.00%	100.00%	96.62%	89.42%	82.42%	82.82%	87.70%

COLLECTION ACCOUNT

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C-46

Grantor Trust Series 2000-2

120000 Policy

RMA Sub-Policy #1 (200000) SPC Policy #0

COLLECTION ACCOUNT

	Annual '98	September '98	October '98	November '98	December '98	January '99	February '99	Next Month	End Mth	Total
Beginning Balance								0.00	0.00	
1 Scheduled Payments	1,031,451.15	962,817.41	1,077,438.78	968,316.62	1,044,561.86	916,430.00	981,429.73	0.00		6,904,731.17
2 Pre-Payments	-	-	-	-	-	-	-	0.00	0.00	0.00
3 Payments on Loans-Curtain	-	-	-	-	186.18	-	-	0.00	0.00	186.18
4 Recoveries on Delinquent Loans	461.06	3,096.52	900.09	779.39	-	296.99	-	0.00	0.00	5,473.14
5 Recoveries on Delinquent Loans	-	-	-	-	-	-	-	0.00	0.00	0.00
6 Trust P Payments for pay post due date	-	-	-	-	-	-	-	0.00	0.00	0.00
7 Trust P Payments for late on Delta loan	140,345.07	142,987.97	73,377.45	156,813.92	213,112.64	150,264.27	183,902.04	0.00		1,010,503.36
8 Trust P Payments for late on Delta loan	24,791.18	23,199.08	18,942.14	47,382.14	34,495.52	47,986.85	44,990.14	0.00		283,072.13
9 Trust P Payments for late on Delta loan	-	-	-	-	-	-	-	0.00	0.00	0.00
10 Trust P Payments for late on Delta loan	160,319.70	78,816.89	78,032.13	104,991.18	197,902.04	217,988.79	211,294.55	0.00		1,062,906.45
11 Interest Payments on Delinquent Contracts	-	-	-	-	79,316.69	79,316.69	107,333.33	0.00		266,966.71
12 Trust P Insurance fees	-	-	-	-	-	-	-	0.00	0.00	0.00
13 Service Advances	-	-	-	-	-	-	-	0.00	0.00	0.00
14 Interest Earned	-	-	10,332.06	287.09	229.14	1,311.41	1,431.95	0.00		12,782.65
15 Bank Charge	-	-	-	-	-	-	-	0.00	0.00	0.00
16 Misc	-	-	-	-	-	-	-	0.00	0.00	0.00
17 Collection Agent Cash avail for disbursements	1,967,319.67	1,721,119.77	1,479,565.89	1,276,756.16	1,405,162.57	1,813,156.42	1,551,725.78	0.00		9,428,641.37
Transfer to Distribution Account	(1,967,319.67)	(1,721,119.77)	(1,479,565.89)	(1,276,756.16)	(1,405,162.57)	(1,813,156.42)	(1,551,725.78)	0.00		(9,428,641.37)
Ending Balance										

DISTRIBUTION ACCOUNT

Beginning Balance	1,307,216.67	1,271,119.77	1,279,565.89	1,276,756.16	1,403,162.57	1,412,306.42	1,308,172.78	0.00		9,428,641.37
18 Trusts to Payroll for collection period	-	-	-	-	-	-	-	0.00		0.00
19 Trusts to Service (non-paying)	97.83	2,964.81	1,378.45	1,477.95	939.94	1,068.89	1,732.73	0.00		9,779.77
20 Trusts to Service (late and owed by trust)	-	-	-	-	-	-	-	0.00	0.00	0.00
21 Trusts to Reinvest for new or old loans	-	-	-	104,319.70	79,838.69	78,311.87	197,376.73	0.00		364,676.99
22 Trust P MVA Insurance	-	-	21,804.32	21,647.33	21,337.17	21,344.83	21,155.75	0.00		107,479.23
23 Accrued Interest	444,411.83	444,865.78	444,073.24	428,707.33	436,160.77	433,378.77	444,290.19	0.00		3,230,769.11
24 Senior Certificate Pre-Dist	444,496.97	320,777.19	376,738.96	288,416.48	438,993.77	453,313.36	351,888.94	0.00		2,907,877.87
25 Overdue fee on interest only contracts	-	-	-	-	-	-	-	0.00	0.00	0.00
26 Trustee Fee payable	3,735.81	3,130.74	5,463.02	5,103.08	5,082.83	5,093.30	5,013.23	0.00		34,398.13
27 Master Service Fee	-	-	-	-	908.00	908.00	1,200.00	0.00		2,700.00
28 Expense Acc on sale	2,915.09	1,119.26	786.98	1,144.91	366.13	394.70	347.75	0.00		6,651.84
29 Accrued Service Fee	-	-	-	-	-	-	-	0.00	0.00	0.00
30 Reimbursement of Liquidity Reserve Acc	140,345.07	142,987.97	73,377.45	156,813.92	213,112.64	150,264.27	183,902.04	0.00		1,010,503.36
31 Reserve Expense Fundamentals acc	201,216.40	195,250.13	223,935.46	168,079.29	307,421.57	193,102.18	271,122.50	0.00		1,546,286.15
32 Misc	-	-	-	-	-	-	-	0.00	0.00	0.00
33 Reimbursement of Service Advances	-	-	-	-	-	-	-	0.00	0.00	0.00
34 Financial Services Fee Payable	88,432.74	87,751.91	87,217.18	86,389.39	85,106.69	85,378.23	84,612.01	0.00		696,971.56
35 MVA Reserve Acc	-	-	-	-	-	-	-	0.00	0.00	0.00
36 Remaining not available to Senior	-	-	-	-	-	-	-	0.00	0.00	0.00
37 Cash Available	0	0	0	0	0	0.00	0.00	0.00		(0.00)

Principal Payments on Certificate	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08		31,613,642.08
Original Senior cash principal balance	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08		31,613,642.08
End of period Senior cash principal balance	41,368.77	26,335.20	24,444.33	21,143.33	27,000.97	22,756.69	23,344.83	0.00		196,173.91
Less Scheduled Principal Paid	467.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00		467.05
Less Principal paid on Delinquent Loans	32,791.10	23,199.08	38,963.18	47,382.14	34,495.52	47,986.85	44,990.14	0.00		273,072.13
Less Recoveries on Paid Principal	-	-	3,096.52	900.09	779.39	296.99	-	0.00		5,473.14
Less Principal paid on Delinquent Loans	21,720.59	18,194.44	33,963.03	316,306.69	183,902.04	150,264.27	183,902.04	0.00		1,290,779.11
Less prepayments-investments	-	-	-	-	-	-	-	0.00	0.00	0.00
End of period Senior cash principal balance	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08	31,613,642.08		31,613,642.08
Senior Certificate Interest Summary	111,581.26	144,206.36	142,309.78	139,646.85	137,761.37	134,897.29	131,353.75	0.00		1,172,137.12
Acquired Interest	121,573.28	144,206.36	142,309.78	139,646.85	137,761.37	134,897.29	131,353.75	0.00		1,172,137.12
Interest Distribution	-	-	-	-	-	-	-	0.00	0.00	0.00
Interest Shortfall	-	-	-	-	-	-	-	0.00	0.00	0.00
170 Certificate Interest Summary	146,828.19	120,028.87	119,932.76	119,060.40	118,299.49	117,395.49	116,255.64	0.00		1,051,851.75
Acquired Interest	146,828.19	120,028.87	119,932.76	119,060.40	118,299.49	117,395.49	116,255.64	0.00		1,051,851.75
Interest Distribution	-	-	-	-	-	-	-	0.00	0.00	0.00
Interest Shortfall	-	-	-	-	-	-	-	0.00	0.00	0.00
Senior Certificate Principal Summary	401,496.97	320,777.19	376,738.96	288,416.48	438,993.77	453,313.36	351,888.94	0.00		2,907,877.87
Principal Distribution	401,496.97	320,777.19	376,738.96	288,416.48	438,993.77	453,313.36	351,888.94	0.00		2,907,877.87
Principal Distribution Shortfall	-	-	-	-	-	-	-	0.00	0.00	0.00
Collateral Value	-	-	-	-	-	-	-	0.00	0.00	0.00
Senior Cash Principal Balance	-	-	-	-	-	-	-	0.00	0.00	0.00
Principal paid to Senior Special Acc	31,643,996.31	31,395,738.10	31,037,991.21	31,113,969.51	31,113,646.16	31,064,366.94	30,524,163.27	0.00		
Collateral Value	-	-	-	-	-	-	-	0.00	0.00	0.00
Original Cash Acc (Decrease) 1,000,000.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00		1,670,483.00
Original Liquidity Reserve Balance	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00		1,670,483.00
Acc of interest balance	-	-	-	-	-	-	-	0.00	0.00	0.00
Interest Earned on Liquidity Reserve Acc	-	-	-	-	-	-	-	0.00	0.00	0.00
Trust to call for interest on Delta loan	140,345.07	142,987.97	73,377.45	156,813.92	213,112.64	150,264.27	183,902.04	0.00		1,010,503.36
Trust to call for interest on Delta loan	140,345.07	142,987.97	73,377.45	156,813.92	213,112.64	150,264.27	183,902.04	0.00		1,010,503.36
End of Balance	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00	1,670,483.00		1,670,483.00

Reserve Expense Account - BEG BAL	-	68,315.40	13,378.59	197,458.13	343,212.04	312,068.38	302,248.49	421,145.76		0.00
Interest Earned on Reserve Exp Acc	-	-	-	1,866.40	1,792.93	1,747.33	1,747.33	0.00		12,096.48
Allocation of misc	-	-	-	362,217.23	(47,568.20)	(47,496.83)	(46,390.14)	0.00		361,217.13
Trusts to collect for principal on Delta loan	(17,791.10)	(32,799.08)	(38,963.18)	(47,382.14)	(34,495.52)	(47,986.85)	(44,990.14)	0.00		(273,072.13)
Trusts to collect for interest on Delta loan	(100,319.70)	(78,816.89)	(78,032.13)	(104,991.18)	(197,902.04)	(217,988.79)	(211,294.55)	0.00		(1,062,906.45)
Trusts to collect for new or old loans	201,216.40	195,250.13	223,935.46	168,079.29	307,421.57	193,102.18	271,122.50	0.00		1,546,286.15
Reserve Expense Account - END BAL	68,315.40	13,378.59	13,378.59	197,458.13	343,212.04	312,068.38	302,248.49	421,145.76		0.00
Expense Account	-	2,713.09	1,812.10	4,819.31	5,181.03	6,087.76	6,688.37	6,688.37		2,713.09
End of Period Balance	-	1,119.26	0.00	14.78	20.38	35.91	0.00	0.00		3,833.23
Trust Expense Acc Interest	-	-	-	-	-	-	-	0.00	0.00	0.00
Trust Expense Acc Sec-Adm	-	-	-	-	-	-	-	0.00	0.00	0.00
Loan Successor Service Fee	1,713.09	3,832.33	4,619.13	3,793.03	4,947.76	4,684.37	4,688.37	6,688.37		6,614.44
End of Period Balance	-	-	-	-	-	-	-	-		-
Pay-Ahead Account	-	-	-	-	-	-	-	-		-
Beginning of Period Balance	-	-	-	-	-	-	-	-		-
Interest Earned on Pay-Ahead Acc	-	-	-	-	-	-	-	-		-
Trusts to collect for interest on Delta loan	-	-	-	-	-	-	-	-		-
Loan Trusts to collect	-	-	-	-	-	-	-	-		-
First Trusts from collect	-	-	-	-	-	-	-	-		-
End of Period Balance	-	-	-	-	-	-	-	-		-
Interest Account	-	-	-	-	-	-	-	-		-
Deficiency Account	-	-	-	-	-	-	-	-		-
Trusts to collect for interest	-	-	-	-	-	-	-	-		-
MVA Reserve Account	-	-	-	-	-	-	-	-		-
End of Period Balance	-	-	-	-	-	-	-	-		-
Interest Earned on MVA Reserve Acc	-	-	-	-	-	-	-	-		-
Loan Trusts to collect	-	-	-	-	-	-	-	-		-
First Trusts from collect	-	-	-	-	-	-	-	-		-
End of Period Balance	-	-	-	-	-	-	-	-		-
Adjusted Tangible Net Worth of Senior	-	-	-	-	-	-	-	-		-
Net Worth (from beginning)	-	-	-	-	-	-	-	-		-
Less investments to off-Balance	-	-	-	-	-	-	-	-		-
Adj Tangible Net Worth at End of Period	-	-	-	-	-	-	-	-		-

[illegible]

ROY 165683

C-48

Student Finance - \$250M Deal
Experience Account
RSA Policy 293309; Sub #1
SFC Policy #2

	Loans	Beginning Balance	18% Experience Account	Claims Paid	750,000 Scheduled Reduction	Ending Balance
Dec-99	6,776,042.96	0	1,219,688			1,219,688.00
Jan-00	6,903,649.79	1,219,688	1,242,657			2,462,345.00
Feb-00	5,507,506.26	2,462,345	991,351			3,453,696.00
Mar-00	16,979,825.25	3,453,696	3,056,369			6,510,065.00
Apr-00	9,454,522.55	6,510,065	1,701,814			8,211,879.00
May-00	4,378,452.75	8,211,879	788,121			9,000,000.00
5/19/2000 Jun-00	(0.58)	9,000,000	0			9,000,000.00
5/31/2000 Jul-00	(2.13)	9,000,000	0			9,000,000.00
6/28/2000 Aug-00	(0.05)	9,000,000	0			9,000,000.00
8/30/2000 Sep-00	(0.08)	9,000,000	0	138,446.66		8,861,553.34
8/30/2000 Oct-00	(0.40)	8,861,553	0	17,361.08		8,844,192.26
8/1/2000 Nov-00	0.83	8,844,192	0	100,319.70		8,743,872.56
8/4/2000 Dec-00	(0.33)	8,743,873		79,816.69	750,000	7,914,055.87
Jan-01		7,914,056		78,813.67	750,000	7,085,242.20
Feb-01		7,085,242		107,520.53	750,000	6,227,721.67
Mar-01		6,227,722		198,732.34	750,000	5,278,989.33
Apr-01		5,278,989		239,297.80	750,000	4,289,691.53
May-01		4,289,692		283,129.77	750,000	3,256,561.76
Jun-01		3,256,562			750,000	2,506,561.76
Jul-01		2,506,562			750,000	1,756,561.76
Aug-01		1,756,562			750,000	1,006,561.76
Sep-01		1,006,562			750,000	256,561.76
Oct-01		256,562			256,562	0.00
Nov-01		0			0	0.00
	49,999,996.83		9,000,000	1,243,438	7,756,562	

1208860.37 Rev 03-10
995748.32 Orig 03-10

Reserve Account Analysis (S) - Chart 1

	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00
+ Actual Interest	19,853	105,791	183,728	289,229	509,319
+ Interest Earned +	-	4,079	2,650	1,616	8,277
- Fees (Banker, Trustee, MBIA)	-	-	3,495	24,462	50,059
- Servicer Fee	-	-	34,021	36,861	68,418
- Repay Servicer for Fees	-	-	-	-	-
- Investor Interest	9,272	57,859	106,755	187,572	255,249
= Gross Avail to Reserve Acct	10,582	52,012	42,106	41,950	143,870
- Defaulted Principal	-	-	-	-	-
+ Insurance Payments	-	-	-	-	-
= Add/ Sub from Reserve Acct	10,582	52,012	42,106	41,950	143,870
Reserve Account Balance	10,582	62,594	104,700	146,650	290,520
Beg Period Principal Balance	-	6,769,849	13,643,038	13,716,786	35,965,274
Expected Excess spread	-	39,491	79,584	80,015	209,797
less Defaults	-	-	-	-	-
Plus Experience Account Prms	-	-	-	-	-
Transfer from Reserves for del	-	1,114	-	18,544	68,020

Reserve Account Analysis (% Annualized) - Chart 2

	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00
Beg Period Principal Balance	-	6,769,849	13,643,038	13,716,786	35,965,274
+ Actual Interest	-	18.75%	16.16%	25.30%	16.99%
+ Interest Earned +	-	0.72%	0.23%	0.14%	0.28%
- Fees (Banker, Trustee, MBIA)	-	0.00%	0.31%	2.14%	1.67%
- Servicer Fee	-	0.00%	2.99%	3.22%	2.28%

- Repair Services for Fees	0.00%	0.00%	0.00%	0.00%	0.00%
- Investor Interest	10.26%	9.39%	16.41%	8.52%	
= Gross Avail to Reserve Acct	9.22%	3.70%	3.67%	4.80%	
- Defaulted Principal	0.00%	0.00%	0.00%	0.00%	
+ Insurance Payments	0.00%	0.00%	0.00%	0.00%	
= Add/ Sub from Reserve Acct	9.22%	3.70%	3.67%	4.80%	
Reserve Account Balance	0.92%	0.77%	1.07%	0.81%	

Finance Charge Breakdown (Pmts from Del) Chart 3					
Actual Finance charge Collections	0.00%	18.75%	16.16%	25.30%	16.99%
% of Loans Current (from SR)					
% of Payment from Definq Loans					

Est Interest Shortfall vs. Reported on SR - Chart 4					
Exp Int shortfall (Prin * 204/12) - Actual Int Coll	(19,853.49)	9,296.11	48,203.99	(56,044.07)	102,090.68
Del Interest transferred from Reserve	1,113.76	0.00	18,543.81	68,020.38	245,042.09

Beg Period Principal Balance	0.00	6,769,849	13,643,038	13,716,786	35,965,274
Expected Interest (Prin * 20.4%/12)	0.00	115,087	231,932	233,185	611,410
Interest Shortfall (from XS Acct)	(19,853.49)	9,296	48,204	(56,044)	102,091
Ending Bal	6,769,849	13,643,038	13,716,786	35,965,274	43,279,822

Gross Available + (Exp Int - Actual) - Chart 5					
	10.14%	7.71%	-1.37%	7.93%	

Beg Period Principal Balance	-	6,769,849	13,643,038	13,716,786	35,965,274
Total Excess Spread	-	39,491	79,584	80,015	209,797
less Defaults		39,491	119,075	199,090	408,887

May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01
540,468	405,165	386,172	726,955	720,899	776,369	680,499	816,954	689,652	723,372
7,777	2,609	6,674	314	-	(171,456)	196,184	9,626	13,289	17,271
52,287	45,663	42,427	6,250	6,250	28,054	27,897	26,877	26,995	26,206
82,925	79,001	78,318	88,423	87,752	87,217	86,589	87,009	85,979	85,823
-	-	-	97	2,967	1,335	1,418	940	1,089	1,733
330,149	278,030	291,149	468,419	464,866	462,034	458,707	456,161	452,293	448,290
82,885	5,080	(19,047)	164,079	159,064	26,273	302,072	255,594	136,586	178,591
6,313	130,591	16,418	95,549	75,960	74,770	101,820	188,184	226,236	267,256
-	-	-	-	138,447	17,341	100,320	79,817	78,814	107,521
76,572	(125,511)	(35,465)	68,529	221,551	(31,156)	300,572	147,226	(10,837)	18,855
367,092	241,581	206,116	274,645	496,196	465,041	765,613	912,839	902,002	920,858
43,279,822	47,400,466	46,990,523	46,739,614	52,651,145	52,330,368	51,953,629	51,665,212	51,227,119	50,773,805
252,466	276,503	274,111	272,648	307,132	305,260	303,063	301,380	298,825	296,181
(6,313)	(130,591)	(16,418)	(95,549)	(75,960)	(74,770)	(101,820)	(188,184)	(226,236)	(267,256)
-	-	-	-	138,447	17,341	100,320	79,817	78,814	107,521
245,042	347,733	502,620	619,481	173,137	175,587	112,240	202,182	57,808	177,561
43,279,822	47,400,466	46,990,523	46,739,614	52,651,145	52,330,368	51,953,629	51,665,212	51,227,119	50,773,805
14.99%	10.26%	9.86%	18.66%	16.43%	17.80%	15.72%	18.97%	16.16%	17.10%
0.22%	0.07%	0.17%	0.01%	0.00%	-3.93%	4.53%	0.22%	0.31%	0.41%
1.45%	1.16%	1.08%	0.16%	0.14%	0.64%	0.64%	0.62%	0.63%	0.62%
2.30%	2.00%	2.00%	2.27%	2.00%	2.00%	2.00%	2.02%	2.01%	2.03%

0.00%	0.00%	0.00%	0.00%	0.07%	0.03%	0.03%	0.02%	0.03%	0.04%
9.15%	7.04%	7.44%	12.03%	10.60%	10.59%	10.60%	10.59%	10.60%	10.60%
2.30%	0.13%	-0.49%	4.21%	3.63%	0.60%	6.98%	5.94%	3.20%	4.22%
0.18%	3.31%	0.42%	2.45%	1.73%	1.71%	2.35%	4.37%	5.30%	6.32%
0.00%	0.00%	0.00%	0.00%	3.16%	0.40%	2.32%	1.85%	1.85%	2.54%
2.12%	-3.18%	-0.91%	1.76%	5.05%	-0.71%	6.94%	3.42%	-0.25%	0.45%
0.85%	0.51%	0.44%	0.59%	0.94%	0.89%	1.47%	1.77%	1.76%	1.81%
14.99%	10.26%	9.86%	18.66%	16.43%	17.80%	15.72%	18.97%	16.16%	17.10%
			65.4%	53.3%	43.2%	40.7%	45.2%	42.0%	28.4%
			34.6%	46.8%	56.8%	59.3%	54.9%	58.0%	71.6%
195,288.74	400,642.50	412,666.70	67,618.81	174,170.78	113,246.78	202,712.33	61,354.77	181,209.42	139,782.24
347,733.16	502,619.59	619,481.03	32,791.10	32,599.08	38,962.14	47,568.24	36,695.58	47,496.85	46,980.14
43,279,822	47,400,466	46,990,523	46,739,614	52,651,145	52,330,368	51,953,629	51,665,212	51,227,119	50,773,805
735,757	805,808	798,839	794,573	893,069	889,616	883,212	878,309	870,861	863,155
195,289	400,643	412,667	67,619	174,171	113,247	202,712	61,355	181,209	139,782
47,400,466	46,990,523	46,739,614	52,651,145	52,330,368	51,953,629	51,665,212	51,227,119	50,773,805	50,247,984
7.50%	10.21%	9.88%	5.94%	7.59%	7.13%	7.13%	7.14%	7.13%	7.12%
43,279,822	47,400,466	46,990,523	46,739,614	52,651,145	52,330,368	51,953,629	51,665,212	51,227,119	50,773,805
252,466	276,503	274,111	272,648	307,132	305,260	303,063	301,380	298,825	296,181
661,353	937,856	1,211,967	1,484,615	1,791,746	2,097,007	2,400,070	2,701,450	3,000,275	3,296,455

Total

6,975,824.87

#DIV/0!

1,183,096.80

3,296,455.46
(1,183,096.80)
522,258.33
2,701,068.33
3,223,326.66

Expected XS	3,296,455	Feb XS	Acct Bal	921,104
Defaults	(1,183,097)	Defaults		1,183,097
Exp Acct Recov	522,258	Recover from Exper		(522,258)
1 month Del	(344,993)	1 month Del		344,993
2 month Del	(533,926)	2 month Del		533,926
Less XS Bal	(921,104)	Adj XS Act		2,460,862
Unidentified	835,594	Expected XS		3,296,455.46
	Difference			835,593.70

Average
16.63%
45.44%
54.56%
2,032,386.30
2,085,646.95
53,260.65

Difference

3,296,455



BILL HIBBERD

04/24/01 09:25 AM

To: TONY MCKENZIE/CARM/ROYAL-SSD@ROYAL-HQ, D
SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ, ROBERT VAN
EPPS/CSO/ROYAL-SSD@ROYAL-HQ

cc:
Subject: SFC

Another sleepness night. We need to do some thinking about just how we are going to proceed here and what the implications of different approaches are. For example...it seems to me the only way to re-capture the I/O strip is to make it a condition of going forward on another big block. So, that's one strategy. Another strategy is to not commit to any further coverage until we are satisfied with what the heck is going on up there. Perhaps we will not be satisfied, in which case, maybe we don't go forward. If we don't go forward however, we will surely get whacked...so we need to re-look at what the think that could lead to.

I'd like to come over this afternoon. What time are David and Rob leaving on their trip?

wjh

ROY 045922

TONY MCKENZIE

04/30/2001 11:07 AM

To: Diane Messick <DMessick@sfcorp.com>

cc: BILL_HIBBERD@rsausa.com, David_King.OrionCapital@rsausa.com, DMessick@sfcorp.com, D_SCHNEIDER@rsausa.com, Gagner@PepperLaw.Com, GHAWTHORNE@sfcorp.com, GIL_CHANDLER@rsausa.com, JoeDornal@email.msn.com, Pturnbull@sfcorp.com, ROBERT_VANEPPS@rsausa.com, RSchroff@sfcorp.com

Subject: RE: Spread Account Adjustment Analysis

Diane,

Regarding your answers below:

1) Does your answer relate to just Grantor Trust #1 or does it also include the WTC and PNC pieces? My schedule was looking at all three. I look at the cash flows coming in December through March and they average \$960,000. Then you hit April and the cash flow goes down to \$389,000. I do not understand why doing the securitization in mid-April would have the impact it apparently had on the cash flows. If students had been paying, it looks like they would keep on paying and that the securitization would be transparent to them. Their payment whether it went into WTC or PNC or Grantor Trust #1 would still come back to somewhere near that average paid amount.

2) From the Delinquency information included, I assumed that at July 31, that 76.69% of the loans were current. That rate applied to the maximum possible interest available (Beg OS Principal * .204/12) yields an expected interest payments from current loans of \$612,000. This is 3 times the current interest paid as indicated on the Servicer Reports and by itself, 58.5% higher than the indicated interest payments received in July. Payments then increase dramatically in August. If the impact is due to the loan swapping, I would like to see it quantified.

3) In the first policy (\$75M deal), there is a split of payments received; Current, Prepayments and Recovery on Delinquents. The Delinquent Recoveries can easily be compared to the transfers from the Excess Spread and Liquidity Reserves. They approximately equal each other on a monthly basis, which indicates to me that the population has reached an equilibrium of people who are behind in payments, but continue to pay. Of course out of this number a small portion will miss that third payment and default. I am looking for the same information for securitizations 2, 3 & 4. I am not sure your answers are what I am looking for.

4) At July 31, the Delinquency data showed 99% of all loans current at July 31 and 81% current at October 31. Even with the "simple interest" answers you have provided, I do not understand how loans reported as this current can yield such low cash flows. Your answer about 22.6% of October payments being paid in September would lead me to think that September's cash flows should be good, but this does not appear to be the case.

5) The same kind of comments that I have made above. The Delinquency Data does not seem to match the cash flows.

Another question, if Delinquencies are so high, why is that not reflected in the amounts transferred from the Excess Spread Reserve and the Liquidity Reserve as it is in the \$75M policy.

Tony

Diane Messick <DMessick@sfcorp.com>



Diane Messick
<DMessick@sfcorp.com>
m>

04/26/2001 04:49 PM

To: "TONY_MCKENZIE@rsausa.com"
<TONY_MCKENZIE@rsausa.com>, Diane Messick
<DMessick@sfcorp.com>, Gary Hawthorne
<GHAWTHORNE@sfcorp.com>, Perry Turnbull

ROY 075795

TONY MCKENZIE

04/25/01 02:04 PM

To: Dmessick@sfcorp.com

cc: GHawthorne@SFCorp.com, PTurnbull@SFCorp.com,

JoeDomal@email.msn.com, BILL

HIBBERD/CARM/ROYAL-SSD@ROYAL-HQ, GIL

CHANDLER/CSO/ROYAL-SSD@ROYAL-HQ, ROBERT VAN

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King/Farmington/OrionCapital@OrionCapital, scotts@loofinc.com,

JoeDomal@email.msn.com

Subject: Additional Questions

Diane,

Further to our phone conversation this morning, I believe Joe Domal has relayed our request to track the cash flows on a small population of loans from inception through the most recent reporting. This request was made during our meeting with Joe on Monday April 23. During the conversation with Joe, he relayed a conversation he had with Perry. The scenario Joe described was that the first one or two payments on a loan were made up front and the accounting for these up front payments somehow put the students in a 1 or 2 cycle delinquency status.

We have been asking questions on cash flows for several weeks now. This description of loan handling has not been put forth as a possible explanation for the cash flow shortfall. Nevertheless, this description does not leave me with a comfortable feeling. Specifically to this issue, if a student makes one or two up front payments, what is the treatment of principal and interest contained in these payments.

I know that resolving this issue is as important for you as it is for us. I look forward to your reply on this and my previous requests as well as the results of the testing above.

Thanks, Tony

704-543-3411

ROY 047317



BILL HIBBERD

06/07/01 03:19 PM

To: ROBERT VAN EPPS/CARM/ROYAL-SSD@ROYAL-HQ
cc: D SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ, TONY
MCKENZIE/CARM/ROYAL-SSD@ROYAL-HQ
Subject: Re: SFC pricing

Rob,

Thanks. I will look at, but I know the harsh reality of policy #2 all too well. It is what I think about every night when I wake up.

wjh

ROBERT VAN EPPS



ROBERT VAN EPPS

05/07/01 04:16 PM

To: BILL HIBBERD/CARM/ROYAL-SSD@ROYAL-HQ
cc: TONY MCKENZIE/CARM/ROYAL-SSD@ROYAL-HQ, D
SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ
Subject: SFC pricing

Bill,

I was playing around with my pricing spreadsheet for SFC and have attached two versions for SFC II (\$250m policy) and SFC III (\$150m policy).

I made some changes to the spreadsheet, namely:

- 1) I looked at our expected return and the capital charge per layer and made them ramp up appropriately. Basically, this involved increasing the capital charges for some layers.
- 2) I input a "BB" risk layer and a "Below BB" risk layer. I still have the capital charge for each at 100% to be conservative, but I looked at the "BB" layer with a 16% charge as well.
- 3) There is a "Pricing Comparison" page that converts up-front premium to cash-flow premium since my pricing page calculates an annual rate. I used a 6.0% discount rate to get to the PV of the premiums that would be received in the cash flows. I used average lives of 6.0 yrs for SFC II and 4.8 yrs for SFC III. Resulting annual rates calculated are:
 - 168 bps for SFC II in cash flows is equivalent to the 850 bps up-front in the policy.
 - 131.5 bps for SFC III in cash flows is equivalent to the 550 bps up-front in the policy.

Results/assumptions for SFC II:

- 1) I'm using an expected loss amount of 20% because we're screwed otherwise.
- 2) Currently we have used 1.5% worth of funds from the Experience Account. We have 2.5% up in Liquidity reserve. S&P would call this a 4.0% cash reserve. Tony tells me we still COULD collect 2.5% more from the Experience Account. I'm assuming we get none since that's what S&P will do, but as this money comes in the underlying protection will be improved and the deal will look better.
- 3) XS Spread. The model uses 30%, which is being nice. If we get a side deal done to place the I/O strip into a trust account for the benefit of RSA, I think S&P would count that as protection for us. In that case, we're getting roughly 5%-6% XS spread for about 6 yrs avg life = 30% XS spread coverage. THIS IS HUGE - IF WE DON'T GET THE I/O STRIP, WE'LL BE COVERING SUB-"BB" RISK, OUR CAPITAL CHARGE WILL INCREASE FROM \$8.7MM TO ROUGHLY \$44MM, AND THE IRR WILL BE 10% IF WE DON'T SUFFER ANY LOSSES, WHICH WE PROBABLY WOULD UNDER THIS SCENARIO. To see this result, change the XS Spread assumption from 30% down to 16%.
- 4) With XS Spread at 30%, the IRR is 24%.

Results/assumptions for SFC III:

- 1) Using 15% Cash Reserve

ROY 045895

- 2) Assuming 6% XS Spread for avg life of 4.8 years = 28.8%
- 3) This covers us to 1.75x expected losses under a 25% base case.
- 4) NOTE: Our premium rate is still not equal to what the model shows we should get, and the IRR is only 21.3%.
- 5) Under an assumed base rate of 20% losses, things look great with a 29.5% IRR.

The gist is that we look good on SFC III regardless, and we're even ok on SFC II if we get the I/O strip. I wouldn't pass these spreadsheets on to SFC, but we can give them the big picture review of how it looks.

Let me know if you want to discuss.



SFC II IRR.xls SFC III IRR.xls

Rob

ROY 045896

TONY MCKENZIE

07/10/01 05:32 PM

To: BILL HIBBERD/CARM/ROYAL-SSD@ROYAL-HQ

cc: D SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ. ROBERT VAN
EPPS/CARM/ROYAL-SSD@ROYAL-HQ

Subject: SFC

Bill,

I started working on the Plan. I was figuring how the warehouse line might look and the securitizations. Take a look at the attached, because I think we have an issue we didn't consider. What my schedule shows is that if the securitizations happen about when I indicate and they add \$25 Million of loans each month, the warehouse line will cap out at \$150 Million around May of 2002. If they cannot find someone else to insure their securitizations, they will be dead in the water and so very well may we. Let me know if what I have said makes any sense.

Tony




Premium Schedt

ROY 041141

			2001 July	2001 Aug	2001 Sept	2001 Oct
Continental		Premium Flat	9.8	9.8	9.8	9.8
KBK	Fac Growth	Facility Amt (000)	80,000	80,000	80,000	80,000
2001=>	0.00%	Rate	0.20%	0.20%	0.20%	0.20%
2002=>	0.00%	Premium	13.3	13.3	13.3	13.3
Sunrise	Fac Growth	Facility Amt (000)	80,000	80,000	80,000	80,000
2001=>	0.00%	Rate	0.20%	0.20%	0.20%	0.20%
2002=>	0.00%	Premium	13.3	13.3	13.3	13.3
Fiatron	Fac Growth	Facility Amt (000)	125,000	125,000	125,000	125,000
2001=>	0.00%	Rate	0.275%	0.275%	0.275%	0.275%
2002=>	0.00%	Premium	28.6	28.6	28.6	28.6
The Finance Co		Facility Amt (000)	6,250	12,500	18,750	25,000
		Rate	0.20%	0.20%	0.20%	0.20%
		Premium	1.0	2.1	3.1	4.2
Frontier	Fac Growth	Facility Amt (000)		100,000	99,500	99,003
2001=>	-6.00%	Rate		0.35%	0.35%	0.35%
2002=>	-10.00%	Premium		29.2	29.0	28.9
NORAMSECO	Fac Growth	Facility Amt (000)				1,000
2001=>	0.00%	Rate				7.65%
2002=>	0.00%	Premium				76.5
SFC - Whse		Facility Amt (000)	97,500	72,500	97,500	22,500
Start Bal=>	72,500	Rate	1.50%	1.50%	1.50%	1.50%
Mthly Adds=>	25,000	Premium	121.9	90.6	121.9	28.1
SFC - Secure #1	Fac Growth	Facility Amt (000)		50,000	49,875	49,750
2001=>	-3.00%	Rate		1.5%	1.50%	1.50%
2002=>	-9.00%	Premium		62.5	62.3	62.2
SFC - Secure #2	Fac Growth	Facility Amt (000)				100,000
2001=>	-3.00%	Rate				1.5%
2002=>	-9.00%	Premium				125.0
SFC - Secure #3	Fac Growth	Facility Amt (000)				
2001=>	-3.00%	Rate				
2002=>	-9.00%	Premium				

ROY 041142

2001 Nov	2001 Dec	2002 Jan	2002 Feb	2002 March	2002 April	2002 May	2002 June	2002 July	2002 Aug
9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3
80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3
125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
0.275%	0.275%	0.275%	0.275%	0.275%	0.275%	0.275%	0.275%	0.275%	0.275%
28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6	28.6
31,250	37,500	43,750	50,000	56,250	62,500	68,750	6,250	12,500	18,750
0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
5.2	6.3	7.3	8.3	9.4	10.4	11.5	1.0	2.1	3.1
98,507	98,015	97,525	97,037	96,552	96,069	95,589	95,111	94,635	93,847
0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
28.7	28.6	28.4	28.3	28.2	28.0	27.9	27.7	27.6	27.4
1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
76.5	76.5	76.5	76.5	76.5	76.5	76.5	76.5	76.5	76.5
47,500	22,500	47,500	72,500	97,500	122,500	147,500	150,000	150,000	150,000
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
59.4	28.1	59.4	90.6	121.9	153.1	184.4	187.5	187.5	187.5
49,626	49,502	49,378	49,255	49,132	49,009	48,886	48,764	48,642	48,277
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
62.0	61.9	61.7	61.6	61.4	61.3	61.1	61.0	60.8	60.3
99,750	99,501	99,252	99,004	98,756	98,509	98,263	98,017	97,772	97,528
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
124.7	124.4	124.1	123.8	123.4	123.1	122.8	122.5	122.2	121.9
	50,000	49,875	49,750	49,626	49,502	49,378	49,255	49,132	49,009
	1.5%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
	62.5	62.3	62.2	62.0	61.9	61.7	61.6	61.4	61.3

ROY 041143

2002 Sept	2002 Oct	2002 Nov	2002 Dec	
9.8	9.8	9.8	9.8	117.6
80,000	80,000	80,000	80,000	
0.20%	0.20%	0.20%	0.20%	
13.3	13.3	13.3	13.3	160.0
80,000	80,000	80,000	80,000	
0.20%	0.20%	0.20%	0.20%	
13.3	13.3	13.3	13.3	160.0
125,000	125,000	125,000	125,000	
0.275%	0.275%	0.275%	0.275%	
28.6	28.6	28.6	28.6	343.8
25,000	31,250	37,500	43,750	
0.20%	0.20%	0.20%	0.20%	
4.2	5.2	6.3	7.3	75.0
93,065	92,289	91,520	90,757	
0.35%	0.35%	0.35%	0.35%	
27.1	26.9	26.7	26.5	332.9
1,000	1,000	1,000	1,000	
7.65%	7.65%	7.65%	7.65%	
76.5	76.5	76.5	76.5	918.0
150,000	150,000	150,000	150,000	
1.50%	1.50%	1.50%	1.50%	
187.5	187.5	187.5	187.5	1,762.5
47,915	47,556	47,199	46,845	
1.50%	1.50%	1.50%	1.50%	
59.9	59.4	59.0	58.6	729.4
97,284	96,554	95,830	95,112	
1.50%	1.50%	1.50%	1.50%	
121.6	120.7	119.8	118.9	1,470.3
48,886	48,764	48,642	48,277	
1.50%	1.50%	1.50%	1.50%	
61.1	61.0	60.8	60.3	739.8
				6,809.2

ROY 041144



BILL HIBBERD

12/04/01 03:32 PM

To: TONY MCKENZIE/CARM/ROYAL-SSD@ROYAL-HQ
cc: D SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ, ROBERT VAN
EPPS/CARM/ROYAL-SSD@ROYAL-HQ
Subject: Re: SFC - Experience Accounts

Tony,

I haven't gone through the numbers yet, but you raise good points on the servicing side. I had hoped that we would have made a visit up there by now to look into some of the servicing/delinquency issues. These questions are relevant whether or not we go forward, as they are servicing the existing portfolio. We also keep re-certifying them, so, are we idiots? In addition to the items you raise below, I'd like to know what has happened to the change they were going to make in the upfront payments. I'd also like to get a better feeling for what collection activities they are engaging in. Do they sub-contract to a collection agency, like Tuitiongard does? I have seen some recoveries coming in on the servicer reports.

I think we should at least consider going forward, but we need to have all of these ducks in a row if we are going to. We are also going to be having some level of outside scrutiny to the decision.

So, we are in the same position we were last time I asked about a visit being made to SFC.

wjh

TONY MCKENZIE

TONY MCKENZIE

12/04/01 03:43 PM

To: BILL HIBBERD/CARM/ROYAL-SSD@ROYAL-HQ
cc: ROBERT VAN EPPS/CARM/ROYAL-SSD@ROYAL-HQ, D
SCHNEIDER/CARM/ROYAL-SSD@ROYAL-HQ
Subject: SFC - Experience Accounts

Bill,

Attached are the Experience Account spreadsheets for the last 3 open policies. The Experience Account for Policy 147524 (the 3rd sub-policy) will end with the payment made in January. If you look at the remaining two policies, I estimate policy 146525 (the 4th sub-policy) will end in March and that policy 147526 (the 5th sub-policy) will probably end in March also, but could carryover to April.



Exp Accts to R Schrof.xl

The reason I am providing you these is to give an idea of how much longer we are dependent on SFC for these funds. And given their business model, how much longer we might want to keep them in business.

The \$9.4 Million of loans added to the warehouse today brings the balance to \$84.6 Million leaving \$65.4 Million. Also attached is a spreadsheet tracking the loan additions. SFC generated \$35.2M of loans in September, \$68.0M in October (\$44.2 on SWH & \$23.8 on PNC) and \$39.9M in November. The \$65.4M remaining on the PNC line might cover 1.5 months of production perhaps getting us to the end of January. At these rates, it would require approximately \$80.0M to get to the end of March or \$125.0M to get to the end of April.



Warehouse Policy Schedule.xl

ROY 045618

The big question is "Is SFC a going concern if we do not provide them with insurance?". I do not think so. They cannot borrow without the Insurance Guarantee and they would not keep coming to us if they had another carrier on the line. The question then is, "Can Student Loan Servicing (SLS) actually handle servicing the loans without SFC in place?". I have taken a look at SLS' June 2001 interim financial statement for Student Loan Servicing. My gut feel is that a lot of costs are being held in SFC. The Income Statement only shows \$540,000 of salary and related costs. If you use an average annual salary of \$25,000, this gets you about 40 staff. It seems from memory they had more staff than that when we took our walk through and I doubt that it covers Gary Hawthorne's salary. Also, I do not believe they had 40 "collectors" on the phones. This concerns me based on the following simplistic calculations. As of today there are \$532.2 Million in loans outstanding (54.7 of 75, 214.9 of 250, 84.6-Whse, 100-Auction, 80-Term). Assuming each loan averages \$6,000 with a 75% delinquency rate with 40 phone servicers in place and 21.75 work days to a month, each phone servicer would have to contact almost 10 people per hour ($532.2M / .006M * 75\% / 40 \text{ staff} / 21.75 \text{ days} / 8 \text{ hours}$). Adding another \$190 Million in loans ($65.4 + 125$) would add over 3 loans per hour. As usual, I have no idea what SLS' service standards are, but if contacting late payers even once during a month is one of them, SLS should be swamped. If I am even remotely right in my assumptions, it probably goes a long way in explaining why delinquencies are so high, especially when combined with what I feel is the negative impact of the up front payments.



See Attached Calculations: Servicer Issues 12-04-01.xls.

On a positive note, if we do go out to April with SFC so that the \$722.6 Million of loans is outstanding, SLS would receive approximately \$12-\$14 Million based on a 2% servicing fee. This amount of revenue could fund several hundred collectors and other support staff to both service the loans and handle the reporting and other requirements of the Trusts. By these numbers, I am implying that not much effort is being put into the collection process, which shows in the delinquency stats, and that the excess profits are now and in the future being redirected for other purposes.

If we are to go forward, we would have to get much more comfortable with SLS. Being the hard liner that I am, we may want to ask for 51% control in the business decisions relating to SLS so we can ensure the quality of servicing going forward, including naming a President/Operating officer loyal to RSA.

I hope this does not ramble too much, but if we are going to make a decision one way or the other on SFC, we do not have much time.

Tony

ROY 045619